CONSOLIDATED FINANCIAL STATEMENTS

First half 2018

Unaudited figures

BNP PARIBAS

The bank
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world

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with IFRS as adopted by the European Union

The consolidated financial statements of the BNP Paribas Group are presented for the first halves of 2018 and 2017. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for the first half of 2016 are provided in the update, registered on 31 July 2017 under number D.17-0132-A02, to the registration document filed with the Autorité des marchés financiers on 7 March 2017 under number D.17-0132.

IFRS 9 and IFRS 15 are applicable retrospectively as from 1 January 2018 and introduce the option not to restate the comparative figures for prior periods. Since the Group has retained this option, the comparative financial statements for 2017 have not been restated for these changes in method.
Presentation changes have however been performed on these comparative figures in order to present separately the assets and liabilities related to insurance activities and to harmonise item headings with those established by IFRS 9. These changes are described in note 2.a. Moreover, the synthetic balance sheet includes a comparative reference as at 1 January 2018 which takes into account the impacts of the IFRS 9 and IFRS 15 adoption (note 2.b). Comparative figures presented in the notes to the financial statements related to balance sheet items (note 5) are based on that reference.

PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF OF 2018

In millions of euros	Notes	First half 2018 *IFRS 9 & IFRS 15*	First half 2017[(1)] *IAS 39*
Interest income	3.a	17,948	16,756
Interest expense	3.a	(7,495)	(6,084)
Commission income	3.b	6,502	6,479
Commission expense	3.b	(1,842)	(1,758)
Net gain on financial instruments at fair value through profit or loss	3.c	3,545	2,928
Net gains on financial instruments at fair value through equity	3.d	170	1,106
Net gains on derecognised financial assets at amortised cost	3.d	14	21
Net income from insurance activities	3.e	2,133	1,914
Income from other activities	3.f	6,612	5,745
Expense on other activities	3.f	(5,583)	(4,872)
REVENUES		**22,004**	**22,235**
Salary and employee benefit expense		(8,385)	(8,337)
Other operating expenses	3.g	(6,434)	(6,048)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(809)	(805)
GROSS OPERATING INCOME		**6,376**	**7,045**
Cost of risk	3.h	(1,182)	(1,254)
OPERATING INCOME		**5,194**	**5,791**
Share of earnings of equity-method entities		294	388
Net gain on non-current assets		206	29
Goodwill	5.k	15	7
PRE-TAX INCOME		**5,709**	**6,215**
Corporate income tax	3.i	(1,476)	(1,695)
NET INCOME		**4,233**	**4,520**
Net income attributable to minority interests		273	230
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**3,960**	**4,290**
Basic earnings per share	7.a	3.02	3.30
Diluted earnings per share	7.a	3.02	3.30

(1) Revised presentation based on the reclassifications and the re-labelling within Net Banking Income described in note 2a: re-labelling of "net gains on available-for sale financial assets and other assets not measured at fair value" to "net gains on financial assets at fair value through equity" and "net gains on derecognised financial assets at amortised cost", reclassification of items related to insurance activities within "Net income from insurance activities" and reclassification of interest on trading instruments within "Net gains on financial instruments at fair value through profit or loss".

STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

In millions of euros	First half 2018 IFRS 9 & IFRS 15	First half 2017(1) IAS 39
Net income for the period	**4,233**	**4,520**
Changes in assets and liabilities recognised directly in equity	**(753)**	**(1,944)**
Items that are or may be reclassified to profit or loss	**(959)**	**(2,057)**
- Changes in exchange rate items	(156)	(1,468)
- Changes in fair value of financial assets at fair value through equity		
Changes in fair value recognised in equity	*(315)*	*578*
Changes in fair value reported in net income	*(99)*	*(720)*
- Changes in fair value of investments of insurance activities		
Changes in fair value recognised in equity	*(253)*	*(165)*
Changes in fair value reported in net income	*(60)*	*(8)*
- Changes in fair value of hedging instruments		
Changes in fair value recognised in equity	*(413)*	*(98)*
Changes in fair value reported in net income	*(1)*	*3*
- Income tax	296	233
- Changes in equity-method investments	42	(412)
Items that will not be reclassified to profit or loss	**206**	**113**
- Changes in fair value of equity instruments designated as at fair value through equity		
Changes in fair value recognised in equity	*(16)*	
Items sold during the period		
- Debt remeasurement effect arising from BNP Paribas Group issuer risk	141	
- Remeasurement gains (losses) related to post-employment benefit plans	177	155
- Income tax	(97)	(42)
- Changes in equity-method investments	1	
Total	**3,480**	**2,576**
- Attributable to equity shareholders	3,192	2,470
- Attributable to minority interests	288	106

(1) Revised presentation, including the changes described in note 2a: reallocation of "changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables" related to insurance activities into "changes in fair value of investments of insurance activities" and the re-labelling of "changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables" into "changes in fair value of financial instruments at fair value through equity".

BALANCE SHEET AT 30 JUNE 2018

In millions of euros	Notes	30 June 2018 *IFRS 9 & IFRS 15*	1 January 2018 [1] *IFRS 9 & IFRS 15*	31 December 2017[2] *IAS 39*
ASSETS				
Cash and balances at central banks		211,441	178,433	178,446
Financial instruments at fair value through profit or loss				
Securities	5.a	182,883	130,326	122,964
Loans and repurchase agreements	5.a	285,578	144,948	143,988
Derivative financial instruments	5.a	240,778	229,896	229,897
Derivatives used for hedging purposes		11,750	13,721	13,723
Financial assets at fair value through equity				
Debt securities	5.b	50,465	53,942	110,881
Equity securities	5.b	2,319	2,330	6,928
Financial assets at amortised cost				
Loans and advances to credit institutions	5.d	22,433	20,356	20,405
Loans and advances to customers	5.d	747,799	731,176	735,013
Debt securities	5.d	71,432	69,426	15,378
Remeasurement adjustment on interest-rate risk hedged portfolios		2,972	3,064	3,064
Financial investments of insurance activities	5.g	233,617	227,712	227,712
Current and deferred tax assets	5.i	7,197	7,368	6,568
Accrued income and other assets	5.j	102,346	92,961	92,875
Equity-method investments		5,787	6,221	6,426
Property, plant and equipment and investment property		25,773	25,000	25,000
Intangible assets		3,412	3,327	3,327
Goodwill	5.k	8,389	9,571	9,571
Non-current assets held for sale	7.d	18,114		
TOTAL ASSETS		**2,234,485**	**1,949,778**	**1,952,166**
LIABILITIES				
Deposits from central banks		5,948	1,471	1,471
Financial instruments at fair value through profit or loss				
Securities	5.a	95,521	67,087	67,087
Deposits and repurchase agreements	5.a	330,679	174,645	174,645
Issued debt securities	5.a	56,877	50,490	50,490
Derivative financial instruments	5.a	233,935	227,644	227,644
Derivatives used for hedging purposes		13,535	15,682	15,682
Financial liabilities at amortised cost				
Deposits from credit institutions	5.e	97,569	76,503	76,503
Deposits from customers	5.e	783,854	760,941	760,941
Debt securities	5.f	162,489	148,156	148,156
Subordinated debt	5.f	16,553	15,951	15,951
Remeasurement adjustment on interest-rate risk hedged portfolios		2,696	2,372	2,372
Current and deferred tax liabilities	5.i	2,507	2,234	2,466
Accrued expenses and other liabilities	5.j	88,037	80,472	79,994
Technical reserves and other insurance liabilities	5.h	214,317	210,494	210,494
Provisions for contingencies and charges	5.l	10,236	11,084	11,061
Liabilities associated with non-current assets held for sale	7.d	15,487		
TOTAL LIABILITIES		**2,130,240**	**1,845,226**	**1,844,957**
EQUITY				
Share capital, additional paid-in capital and retained earnings		*93,742*	*89,880*	*91,026*
Net income for the period attributable to shareholders		*3,960*	*7,759*	*7,759*
Total capital, retained earnings and net income for the period attributable to shareholders		**97,702**	**97,639**	**98,785**
Changes in assets and liabilities recognised directly in equity		1,009	1,787	3,198
Shareholders' equity		**98,711**	**99,426**	**101,983**
Minority interests		**5,534**	**5,126**	**5,226**
TOTAL EQUITY		**104,245**	**104,552**	**107,209**
TOTAL LIABILITIES AND EQUITY		**2,234,485**	**1,949,778**	**1,952,166**

[1] As of 1 January 2018 after implementation of IFRS 9 and IFRS 15, as described in note 2.b.

[2] Revised presentation, based on reclassifications and adjustments detailed in note 2.a, mainly related to the re-labelling of financial instruments item headings, the reclassification of financial instruments of insurance activities into "Investments of insurance activities", and the impact of securities recognition at settlement date.

CASH FLOW STATEMENT FOR THE FIRST HALF OF 2018

In millions of euros	Notes	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Pre-tax income		**5,709**	**6,215**
Non-monetary items included in pre-tax net income and other adjustments		**7,303**	**11,753**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		2,554	2,245
Impairment of goodwill and other non-current assets		(25)	(22)
Net addition to provisions		6,369	5,110
Share of earnings of equity-method entities		(294)	(388)
Net expense (income) from investing activities		(475)	35
Net expense from financing activities		64	185
Other movements		(890)	4,588
Net increase in cash related to assets and liabilities generated by operating activities		**11,775**	**68,794**
Net increase in cash related to transactions with customers and credit institutions		39,095	69,579
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities		(24,164)	2,336
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,435)	(2,622)
Taxes paid		(721)	(499)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**24,787**	**86,762**
Net increase in cash related to acquisitions and disposals of consolidated entities		607	685
Net decrease related to property, plant and equipment and intangible assets		(541)	(527)
NET INCREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**66**	**158**
Decrease in cash and equivalents related to transactions with shareholders		(4,044)	(3,823)
Increase in cash and equivalents generated by other financing activities		7,553	1,951
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**3,509**	**(1,872)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**1,395**	**(4,990)**
NON-MONETARY IMPACTS FROM NON-CURRENT ASSETS HELD FOR SALE		**(724)**	**-**
NET INCREASE IN CASH AND EQUIVALENTS		**29,033**	**80,058**
Balance of cash and equivalent accounts at the start of the period		**175,061**	**155,963**
Cash and amounts due from central banks		178,446	160,400
Due to central banks		(1,471)	(233)
On demand deposits with credit institutions	5.d	8,063	6,513
On demand loans from credit institutions	5.e	(9,906)	(10,775)
Deduction of receivables and accrued interest on cash and equivalents		(71)	58
Balance of cash and equivalent accounts at the end of the period		**204,094**	**236,021**
Cash and amounts due from central banks		211,455	243,384
Due to central banks		(5,948)	(3,785)
On demand deposits with credit institutions	5.d	9,451	6,966
On demand loans from credit institutions	5.e	(10,828)	(10,508)
Deduction of receivables and accrued interest on cash and equivalents		(36)	(36)
NET INCREASE IN CASH AND EQUIVALENTS		**29,033**	**80,058**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital and retained earnings				Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss			
In millions of euros	Share capital and additional paid-in-capital	Undated Super Subordinated Notes	Non-distributed reserves	Total	Financial instruments designated as at fair value through equity	Own-credit valuation adjustment of debt securities designated as at fair value through profit or loss	Remeasurement gains (losses) related to post-employment benefits plans	Total
Capital and retained earnings at 31 December 2016	**26,948**	**8,430**	**59,118**	**94,496**				**-**
Appropriation of net income for 2016			**(3,369)**	**(3,369)**				**-**
Increases in capital and issues	66			66				-
Reduction or redemption of capital		(638)		(638)				-
Movements in own equity instruments	(38)	33	33	28				-
Share-based payment plans			2	2				-
Remuneration on preferred shares and undated super subordinated notes			(149)	(149)				-
Impact of internal transactions on minority shareholders (note 7.d)			1	1				-
Acquisitions of additional interests or partial sales of interests (note 7.d)			242	242				-
Change in commitments to repurchase minority shareholders interests				-				-
Other movements				-				-
Changes in assets and liabilities recognised directly in equity			113	113				-
Net income for first half of 2017			**4,290**	**4,290**				**-**
Interim dividend payments				-				-
Capital and retained earnings at 30 June 2017	**26,976**	**7,825**	**60,281**	**95,082**				**-**
Appropriation of net income for 2016				**-**				**-**
Increases in capital and issues	22	636	(2)	656				-
Reduction or redemption of capital		(289)	64	(225)				-
Movements in own equity instruments	53		(43)	10				-
Share-based payment plans			1	1				-
Remuneration on preferred shares and undated super subordinated notes			(162)	(162)				-
Movements in consolidation scope impacting minority shareholders				-				-
Acquisitions of additional interests or partial sales of interests (note 7.d)			11	11				-
Change in commitments to repurchase minority shareholders interests				-				-
Other movements			(34)	(34)				-
Changes in assets and liabilities recognised directly in equity			45	45				-
Net income for second half of 2017			**3,469**	**3,469**				**-**
Interim dividend payments				-				-
Capital and retained earnings at 31 December 2017	**27,051**	**8,172**	**63,630**	**98,853**				**-**
Revised presentation (note 2.a)			(68)	(68)			68	68
Capital and retained earnings at 31 December 2017 new presentation	**27,051**	**8,172**	**63,562**	**98,785**			**68**	**68**
IFRS 9 impacts (note 2.b)			(1,122)	(1,122)	561	(323)		238
IFRS 15 impacts (note 2.b)			(24)	(24)				-
Capital and retained earnings at 1 January 2018	**27,051**	**8,172**	**62,416**	**97,639**	**561**	**(323)**	**68**	**306**
Appropriation of net income for 2017			**(3,772)**	**(3,772)**				**-**
Increases in capital and issues	49			49				-
Movements in own equity instruments	(36)	(5)	(126)	(167)				-
Share-based payment plans			2	2				-
Remuneration on preferred shares and undated super subordinated notes			(134)	(134)				-
Impact of internal transactions on minority shareholders (note 7.d)			6	6				-
Movements in consolidation scope impacting minority shareholders				-				-
Acquisitions of additional interests or partial sales of interests (note 7.d)			127	127			9	9
Change in commitments to repurchase minority shareholders interests			(7)	(7)				-
Other movements			(2)	(2)				-
Changes in assets and liabilities recognised directly in equity			1	1	(33)	90	129	186
Net income for first half of 2018			**3,960**	**3,960**				**-**
Interim dividend payments				-				-
Capital and retained earnings at 30 June 2018	**27,064**	**8,167**	**62,471**	**97,702**	**528**	**(233)**	**206**	**501**

BETWEEN 1 JAN. 2017 AND 30 JUNE 2018

Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss					Total shareholders' equity	Minority interests (note 7.d)	Total equity
Exchange rates	Financial instruments at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Total			
645	**4,372**		**1,152**	**6,169**	**100,665**	**4,555**	**105,220**
				-	**(3,369)**	**(117)**	**(3,486)**
				-	66		66
				-	(638)		(638)
				-	28		28
				-	2	1	3
				-	(149)	(1)	(150)
				-	1	(1)	-
				-	242	591	833
				-	-	(6)	(6)
				-	-	(1)	(1)
(1,669)	(304)		40	(1,933)	(1,820)	(124)	(1,944)
				-	**4,290**	**230**	**4,520**
						(21)	(21)
(1,024)	**4,068**		**1,192**	**4,236**	**99,318**	**5,106**	**104,424**
				-		**(14)**	**(14)**
				-	656		656
				-	(225)		(225)
				-	10		10
				-	1	1	2
				-	(162)	(1)	(163)
				-	-	493	493
(89)	10		1	(78)	(67)	(487)	(554)
				-	-	(2)	(2)
				-	(34)	24	(10)
(1,079)	106		(55)	(1,028)	(983)	(92)	(1,075)
				-	**3,469**	**218**	**3,687**
				-		(20)	(20)
(2,192)	**4,184**		**1,138**	**3,130**	**101,983**	**5,226**	**107,209**
	(1,947)	1,947					-
(2,192)	**2,237**	**1,947**	**1,138**	**3,130**	**101,983**	**5,226**	**107,209**
	(1,648)		(1)	(1,649)	(2,533)	(100)	(2,633)
					(24)		(24)
(2,192)	**589**	**1,947**	**1,137**	**1,481**	**99,426**	**5,126**	**104,552**
				-	**(3,772)**	**(151)**	**(3,923)**
				-	49	4	53
				-	(167)		(167)
				-	2	2	4
				-	(134)	(1)	(135)
				-	6	(6)	-
				-	-	19	19
(29)	10			(19)	117	304	421
				-	(7)	(27)	(34)
				-	(2)	1	(1)
(209)	(273)	(163)	(309)	(954)	(767)	15	(752)
				-	**3,960**	**273**	**4,233**
				-	-	(25)	(25)
(2,430)	**326**	**1,784**	**828**	**508**	**98,711**	**5,534**	**104,245**

NOTES TO THE FINANCIAL STATEMENTS

Prepared in accordance with IFRS as adopted by the European Union

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE GROUP

1.a ACCOUNTING STANDARDS

1.a.1 APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers"

Since 1st January 2018, the Group applies:

- IFRS 9 "Financial Instruments" and amendments to IFRS 9: "Prepayment Features with Negative Compensation" adopted by the European Union, on 22 November 2016 and on 22 March 2018 respectively.

  IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement", related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments (Phase 1), for impairment for credit risk on debt instruments measured at amortised cost or at fair value through shareholders' equity, loan commitments given, financial guarantee contracts, lease and trade receivables and contract assets (Phase 2), as well as for general hedge accounting ; i.e. micro hedging (Phase 3).

  IFRS 9 has modified the provisions relating to the own credit risk of financial liabilities designated as at fair value through profit or loss (fair value option).

  As regards hedge accounting (micro-hedging), the Group has maintained the hedge accounting principles under IAS 39. Besides, IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions of IAS 39 for these portfolio hedges, as adopted by the European Union, continue to apply.

- The amendment to IFRS 4 "Insurance Contracts": "*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*" adopted by the European Union on 3 November 2017.

  This amendment gives to entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2021. The effect of such a deferral is that those entities may continue to report their financial statements under the existing standard IAS 39.

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(1) The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

This temporary exemption from IFRS 9, which was limited to groups that predominantly undertook insurance activities according to the IASB amendment, has been extended to the insurance sector of financial conglomerates as defined by the Directive 2002/87/EC as adopted by the European Union. This exemption is subject to conditions, notably the absence of internal transfer of financial instruments, other than financial instruments that are measured at fair value through profit or loss, between insurance entities and other entities of the financial conglomerate.

BNP Paribas Group applies this amendment as adopted by the European Union to all its insurance entities, including funds related to this activity, which will apply IAS 39 “Financial instruments: Recognition and Measurement” until 31 December 2020.

- IFRS 15 “Revenue from Contracts with Customers” adopted by the European Union on 22 September 2016.

IFRS 9 and IFRS 15 introduce the option to not restate the comparative figures for prior periods. Since the Group has retained this option, the comparative financial statements for 2017 have not been restated for these changes in method.

The introduction of standards and amendments effective 1 January 2018 did not have an effect on the half-year condensed financial statements as of 30 June 2018.

The Group did not anticipate the application of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2018 was optional, except for the amendment to IFRS 9 “*Prepayment Features with Negative Compensation*”.

1.a.2 NEW MAJOR ACCOUNTING STANDARDS, PUBLISHED BUT NOT YET APPLICABLE

IFRS 16 Leases

IFRS 16 “Leases”, issued in January 2016, will supersede IAS 17 “Leases” and the interpretations relating to the accounting of such contracts. The new definition of leases relies on both the identification of an asset and the control of the right to use the identified asset by the lessee.

From the lessor's point of view, the expected impact should be limited, as the requirements of IFRS 16 remain mostly unchanged from the current IAS 17.

For the lessee, IFRS 16 will require recognition in the balance sheet of all leases, in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets will be amortised on a straight-line basis and the financial liabilities will be amortised on an actuarial basis over the lease period. The main change induced by this new standard is related to contracts which, under IAS 17, met the definition of operating leases, and as such, did not require recognition in the balance sheet of the leased assets.

Adopted by the European Union on 31 October 2017, IFRS 16 will become mandatory for annual periods beginning on or after 1 January 2019.

In 2018, the work on the identification and analysis of the lease contracts continues. Application of the standard will result in an increase in assets and liabilities related to lease agreements currently accounted for as operating leases. That impact is expected to come mainly from property leases and to a lesser extent from IT equipment leases and auto leases.

IFRS 17 Insurance Contracts

IFRS 17 “Insurance Contracts”, issued in May 2017, will replace IFRS 4 “Insurance Contracts” and will become mandatory for annual periods beginning on or after 1 January 2021, after its adoption by the European Union for application in Europe.

The analysis of the standard and the identification of its potential effects started in 2017 following its publication.

1.b CONSOLIDATION

1.b.1 SCOPE OF CONSOLIDATION

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

1.b.2 CONSOLIDATION METHODS

Exclusive control

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it holds, directly or indirectly, the majority of the voting rights (and if there are no contractual provisions that alter the power of these voting rights) or if the power to direct the relevant activities of the entity is conferred on it by contractual agreements.

Structured entities are defined as entities that are not governed by voting rights, such as when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at fair value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Joint control

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Significant influence

Companies over which the Group exercises significant influence or associates are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of a company. Interests of less than 20% can be included in consolidation scope if the Group effectively exercises significant influence. This is the case for example for entities developed in partnership with other associates, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, or exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under “Investments in equity-method entities” and in the relevant component of shareholders' equity. Goodwill recorded on associates is also included under “Investments in equity-method entities”.

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that the Group has contracted a legal or constructive obligation, or has made payments on behalf of this entity.

Where the Group holds an interest in an associate, directly or indirectly through an entity that is a venture capital organisation, a mutual fund, an open-ended investment company or similar entity such as an investment-related insurance fund, it may elect to measure that interest at fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under “Net gain on non-current assets”.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events occurring in similar circumstances.

1.b.3 CONSOLIDATION RULES

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

Translation of accounts expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under «Exchange rates», and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative translation adjustment at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the percentage of interest change without leading to a modification in the nature of the investment, the translation difference is reallocated between the portion attributable to shareholders and that attributable to minority interests if the entity is fully consolidated; if the entity is consolidated under the equity method, it is recorded in profit or loss for the portion related to the interest sold.

1.b.4 BUSINESS COMBINATION AND MEASUREMENT OF GOODWILL

Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 has been applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), had not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

The BNP Paribas Group tests goodwill for impairment on a regular basis.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[2] representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

- Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

(2) As defined by IAS 36.

- Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

- Monetary assets and liabilities3 expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Foreign exchange differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

- Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Foreign exchange differences relating to non-monetary assets denominated in foreign currencies and recognised at fair value (equity instruments) are recognised in profit or loss when the asset is classified in 'Financial assets at fair value through profit or loss' and in equity when the asset is classified under 'Financial assets at fair value through shareholders' equity.'

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[3] Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

1.d NET INTEREST INCOME, COMMISSIONS AND INCOME FROM OTHER ACTIVITIES

1.d.1 NET INTEREST INCOME

Income and expenses relating to debt instruments measured at amortised cost and at fair value through shareholders' equity are recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, is equal to the gross carrying amount of the asset or liability in the balance sheet. The effective interest rate measurement takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

Commissions considered as an additional component of interest are included in the effective interest rate, and are recognised in the profit and loss account in “Net interest income”. This category includes notably commissions on financing commitments when it is considered that the setting up of a loan is more likely than unlikely. Commissions received in respect of financing commitments are deferred until they are drawn and then included in the effective interest rate calculation and amortised over the life of the loan. Syndication commissions are also included in this category for the portion of the commission equivalent to the remuneration of other syndication participants.

1.d.2 COMMISSIONS AND INCOME FROM OTHER ACTIVITIES

Commissions received with regards to banking and similar services provided (except for those that are integral part of the effective interest rate), revenues from property development and revenues from services provided in connection with lease contracts fall within the scope of IFRS 15 ‘Revenue from Contracts with Customers.’

This standard defines a single model for recognising revenue based on five-step principles. These five steps enable to identify the distinct performance obligations included in the contracts and allocate the transaction price among them. The income related to those performance obligations is recognized as revenue when the latter are satisfied, namely when the control of the promised goods or services has been transferred.

The price of a service may contain a variable component. Variable amounts may be recognized in the income statement only if it is highly probable that the amounts recorded will not result in a significant downward adjustment.

Commission

The group records commission income and expenses in profit or loss:

- either over time as the service is rendered when the client receives continuous service. These include, for example, certain commissions on transactions with customers when services are rendered on a continuous basis, commissions on financing commitments that are not included in the interest margin, because the probability that they give rise to the drawing up of a loan is low, commissions on financial collateral, clearing commissions on financial instruments, commissions related to trust and similar activities, securities custody fees…

  Commissions received under financial guarantee commitments are deemed to represent the initial fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, in Commission income.

- or at a point in time when the service is rendered, in other cases. These include, for example, distribution fees received, loan syndication fees remunerating the arrangement service, advisory fees…

Income from other activities

Income from property development as well as income from services provided in connection with lease contracts is recorded under 'income from other activities' in the income statement.

Regarding property development income, the group records it in profit or loss:

- over time when the performance obligation creates or enhances an asset on which the customer obtains control as it is created or enhanced (e.g. work in progress controlled by the client on the land in which the asset is located...) or where the service performed does not create an asset that the entity could otherwise use and gives it enforceable right to payment for performance completed to date. This is the case for contracts such as VEFA (sale in the future state of completion) in France.
- at completion in other cases.

Regarding income from services provided in connection with lease contracts, the group records them in profit or loss as the service is rendered, i.e. in proportion to the costs incurred for maintenance contracts.

1.e FINANCIAL ASSETS AND LIABILITIES

Financial assets, except those relating to insurance activities (see note 1.f) are classified at amortised cost, at fair value through shareholders' equity or at fair value through profit or loss depending on the business model and the contractual features of the instruments at initial recognition.

Financial liabilities are classified at amortised cost or at fair value through profit or loss at initial recognition.

Financial assets and liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets made within a period established by the regulations or by a convention in the relevant marketplace are recognised in the balance sheet at the settlement date.

1.e.1 FINANCIAL ASSETS AT AMORTISED COST

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal.

Business model criterion

Financial assets are managed within a business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

The realisation of disposals close to the maturity of the instrument and for an amount close to the remaining contractual cash-flows, or due to an increase in the counterparty's credit risk is consistent with a business model whose objective is to collect the contractual cash flows ("collect"). Sales imposed by regulatory requirements or to manage the concentration of credit risk (without an increase in the asset's credit risk) are also consistent with this business model when they are infrequent or insignificant in value.

Cash flow criterion

The cash flow criterion is satisfied if the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

The criterion is not met in the event of a contractual characteristic that exposes the holder to risks or to the volatility of contractual cash flows that are inconsistent with those of an non structured or 'basic lending' arrangement. It is also not satisfied in the event of leverage that increases the variability of the contractual cash flows.

Interests consist of consideration for the time value of money, for the credit risk, and for the remuneration of other risks (e.g. liquidity risk), costs (e.g. administration fees), and a profit margin consistent with that of a basic lending arrangement. The existence of negative interests does not call into question the cash flow criterion.

The time value of money is the component of interest - usually referred to as the 'rate' component - which provides consideration for only the passage of time. The relationship between the interest rate and the passage of time shall not be modified by specific characteristics that would likely call into question the respect of the cash flow criterion.

Thus, for example when the variable interest rate of the financial asset is periodically reset on a frequency that does not match the duration for which the interest rate is established, the time value of money may be considered as modified and, depending on the significance of that modification, the cash flow criterion may not be met.

Regulated rates meet the cash flow criterion when they provide a consideration that is broadly consistent with the passage of time and does not expose to risks or volatility in the contractual cash flows that would be inconsistent with those of a basic lending arrangement (example: loans granted in the context of Livret A savings accounts).

Some contractual clauses may change the timing or the amount of cash flows. Early redemption options do not call into question the cash flow criterion if the prepayment amount substantially represents the principal amount outstanding and the interest thereon, which may include a reasonable compensation for the early termination of the contract (for example, regarding loans to retail customers, the compensation limited to 6 months of interest or 3% of the capital outstanding is considered as reasonable). An option that permits the issuer or the holder of a financial instrument to change the interest rate from floating to fixed rate does not breach the cash flow criterion if the fixed rate is determined at origination, or if it represents the time value of money for the residual maturity of the instrument at the date of exercise of the option,

In the particular case of financial assets contractually linked to payments received on a portfolio of underlying assets and which include a priority order for payment of cash flows between investors ('tranches'), thereby creating concentrations of credit risk, a specific analysis is carried out. The contractual characteristics of the tranche and those of the underlying financial instruments portfolios must meet the cash flow criterion and the credit risk exposure of the tranche must be equal or lower than the exposure to credit risk of the underlying pool of financial instruments.

Certain loans may be "non-recourse", either contractually, or in substance when they are granted to a special purpose entity. The cash-flow criterion is met as long as these loans do not represent a direct exposure on the assets acting as collateral.

The 'financial assets at amortised cost' category includes, in particular, loans granted by the Group, reverse repurchase agreements and some securities held within the activity of Asset-and Liability Management in order to collect contractual flows (treasury bills, government bonds and other debt securities).

Recognition

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction as well as commissions related to the origination of the loans.

They are subsequently measured at amortised cost, including accrued interest and net of repayments of principal and interest during the past period. These financial assets are also subject from initial recognition, to the measurement of a loss allowance for expected credit losses (note 1.e.5).

Interest is calculated using the effective interest method determined at inception of the contract.

1.e.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY

Debt instruments

Debt instruments are classified at fair value through shareholders' equity if the following two criteria are met:

- Business model criterion: Financial assets are held in a business model whose objective is achieved by both holding the financial assets in order to collect contractual cash flows and selling the financial assets ("collect and sale"). The latter is not incidental but is an integral part of the business model.
- Cash flow criterion: The principles are identical to those applicable to financial assets at amortised cost.

The securities held within Asset and Liability Management activity in order to collect contractual flows or to be sold and meeting the cash flow criterion are in particular classified in this category.

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction. They are subsequently measured at fair value and changes in fair value are recognized, under a specific line of shareholders' equity entitled 'Changes in assets and liabilities recognized directly in equity'. These financial assets are also subject to the measurement of a loss allowance for expected credit losses on the same approach as for debt instruments at amortised cost. On disposal, changes in fair value previously recognised in shareholders' equity are reclassified to profit or loss.

In addition, interest is recognised in the income statement using the effective interest method determined at the inception of the contract.

Equity instruments

Investments in equity instruments such as shares are classified on option, and on a case by case basis, at fair value through shareholders' equity (under a specific line). On disposal of the shares, changes in fair value previously recognised in equity are not recognised in profit or loss. Only dividends, if they represent remuneration for the investment and not repayment of capital, are recognised in profit or loss. These instruments are not subject to impairment.

Investments in mutual funds do not meet the definition of equity instruments as they are puttable to the issuer. They do not meet the cash flow criterion either, and thus are recognized at fair value through profit or loss.

1.e.3 FINANCING AND GUARANTEE COMMITMENTS

Financing and financial guarantee commitments that are not recognised as derivative instruments at fair value through profit or loss are presented in the note relating to Financing and guarantee commitments. They are subject to the measurement of a loss allowance for expected credit losses. These loss allowances are presented under 'provisions for contingencies and charges.

1.e.4 REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans *(Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

1.e.5 IMPAIRMENT OF FINANCIAL ASSETS MEASURED AT AMORTISED COST AND DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY

The impairment model for credit risk is based on expected losses.

This model applies to loans and debt instruments measured at amortised cost or fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets.

General model

The group identifies three 'stages' that correspond each to a specific status with regards to the evolution of counterparty credit risk since the initial recognition of the asset.

- 12-month expected credit losses ('stage 1'): If at the reporting date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months).
- Lifetime expected credit losses for non-impaired assets ('stage 2'): The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not credit-impaired.
- Lifetime expected credit losses for credit-impaired financial assets ('stage 3'): when an asset is "credit-impaired", the loss allowance is also measured for an amount equal to the lifetime expected credit losses.

This general model is applied to all instruments within the scope of IFRS 9 impairment, except for purchased or originated credit-impaired financial assets and instruments for which a simplified model is used (see below).

The IFRS 9 expected credit loss approach is symmetrical, i.e. if lifetime expected credit losses have been recognised in a previous reporting period, and if it is assessed in the current reporting period that there is no longer any significant increase in credit risk since initial recognition, the loss allowance reverts to a 12-months expected credit loss.

Regarding interest income, under 'stage' 1 and 2, it is calculated on the gross carrying amount. Under 'stage' 3, interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the loss allowance).

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due.

The definition of default is used consistently for assessing the increase in credit risk and measuring expected credit losses.

Credit impaired financial assets

Definition

A financial asset is credit-impaired and classified in 'stage 3' when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

At an individual level, objective evidence that a financial asset is credit-impaired includes observable data regarding the following events: the existence of accounts that are more than 90 days past due; knowledge or indications that the borrower meets significant financial difficulties, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments; concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section 'Restructuring of financial assets for financial difficulties').

Specific cases of purchased or originated credit-impaired assets

In some cases, financial assets are credit-impaired at their initial recognition.

For these assets, there is no loss allowance accounted for at initial recognition. The effective interest rate is calculated taking into account the lifetime expected credit losses in the initial estimated cash flows. Any change in lifetime expected credit losses since initial recognition, positive or negative, is recognized as a loss allowance adjustment in profit or loss.

Simplified model

The simplified approach consists in accounting for a loss allowance corresponding to lifetime expected credit losses since initial recognition, and at each reporting date.

The group applies this model to trade receivables with a maturity shorter than 12 months.

Significant increase in credit risk

Significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Assessment of deterioration is based on the comparison of the probabilities of default or the ratings on the date of initial recognition with those existing at the reporting date.

There is also, according to the standard, a rebuttable presumption that the credit risk of an instrument has significantly increased since initial recognition when the contractual payments are more than 30 days past due.

In consumer credit specialised business, a significant increase in credit risk is also considered when a past due event has occurred within the last 12 months, even if regularized since.

The principles applied to assess the significant increase in credit risk are detailed in note 3.h Cost of risk.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instrument. They are measured on an individual basis, for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), discounted at the effective interest rate of the exposure (EIR). They result from the risk of default within the next 12 months (stage 1), or from the risk of default over the maturity of the facility (stage 2). In the consumer credit specialised business, because of the specificity of credit exposures, the methodology used is based on the probability of transition to term forfeiture, and on discounted loss rates after term forfeiture. The measurement of these parameters is performed on a statistical basis for homogeneous populations.

For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument. Cash shortfalls represent the difference between the cash-flows that are due in accordance with the contract, and the cash-flows that are expected to be received.

The methodology developed is based on existing concepts and methods (in particular the Basel framework) on exposures for which capital requirement for credit risk is measured according to the IRBA methodology. This method is also applied to portfolios for which capital requirement for credit risk are measured according to the standardised approach. Besides, the Basel framework has been supplemented with the specific provisions of IFRS 9, in particular the use of forward-looking information.

Maturity

All contractual terms of the financial instrument (including prepayment, extension and similar options) over the life of the instrument are taken into account. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term must be used.

The Standard specifies that the maximum period to consider when measuring expected credit losses is the maximum contractual period. However, for revolving credit cards and overdrafts, in accordance with the exception provided by IFRS 9 for these products, the maturity considered for expected credit losses measurement is the period over which the entity is exposed to credit risk, which may extend beyond the contractual maturity (notice period). For revolving credits and overdrafts to non retail counterparties, the contractual maturity can be taken, for example if the next review date is the contractual maturity as they are individually managed.

Probabilities of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The measurement of expected credit losses requires the estimation of both 1 year probabilities of default and lifetime probabilities of default:

- 1 year PDs are derived from long term average regulatory "through the cycle" PDs to reflect the current situation ("point in time" or "PIT").
- Lifetime PDs are determined from the rating migration matrices reflecting the expected rating evolution of the exposure until maturity, and the associated probabilities of default.

Loss Given Default (LGD)

The Loss Given Default is the difference between the contractual cash-flows and the expected cash-flows, discounted using the effective interest rate (or an approximation thereof) at the default date. The LGD is expressed as a percentage of the EAD.

The estimate of expected cash flows takes into account cash flows resulting from the sale of collateral held or other credit enhancements if they are part of the contractual terms and are not accounted for separately by the entity (for example, a mortgage associated with a residential loan), net of the costs of obtaining and selling the collateral.

The LGD used for IFRS 9 purpose is derived from the Basel LGD parameter. It is retreated from downturn and conservatism margins (in particular regulatory margins), except margins for model uncertainties.

Exposure at Default (EAD)

The Exposure at Default (EAD) of an instrument is the anticipated outstanding amount owed by the obligor at the time of default. It is determined by the expected payment profile taking into account, depending on the product type: the contractual repayment schedule, expected early repayments and expected future drawings for revolving facilities.

Forward looking

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

The principles applied to take into account forward looking information when measuring expected credit losses are detailed in note 3.h Cost of risk.

Write-offs

A write-off consists in reducing the gross carrying amount of a financial asset when there is no longer reasonable expectations of recovering that financial asset in its entirety or a portion thereof, or when it has been fully or partially forgiven. The write-off is recorded when all other means available to the Bank for recovering the receivables or guarantees have failed, and also generally depends on the context specific to each jurisdiction.

If the amount of loss on write-off is greater than the accumulated loss allowance, the difference is an additional impairment loss posted in 'Cost of risk'. For any receipt occurring when the financial asset (or part of it) is no longer recognised on the balance-sheet, the amount received is recorded as an impairment gain in 'Cost of risk'.

Recoveries through the repossession of the collateral

When a loan is secured by a financial or a non-financial asset serving as a guarantee and the counterparty is in default, the group may decide to exercise the guarantee and, according to the jurisdiction, it may then become owner of the asset. In such a situation, the loan is written-off in counterparty of the asset received as collateral.

Once ownership of the asset is carried out, it is accounted for at fair value and classified according to the intent of use.

Restructuring of financial assets for financial difficulties

A restructuring due to the borrower's financial difficulties is defined as a change in the terms and conditions of the initial transaction that the Group is considering only for economic or legal reasons related to the borrower's financial difficulties.

For restructurings not resulting in derecognition of the financial asset, the restructured asset is subject to an adjustment of its gross carrying amount, to reduce it to the discounted amount, at the original effective interest rate of the asset, of the new expected future flows. The change in the gross carrying amount of the asset is recorded in the income statement in 'Cost of risk'.

The existence of a significant increase in credit risk for the financial instrument is then assessed by comparing the risk of default after the restructuring (under the revised contractual terms) and the risk of default at the initial recognition date (under the original contractual terms). In order to demonstrate that the criteria for recognising lifetime expected credit losses are no longer met, good quality payment behaviour will have to be observed over a certain period of time.

When the restructuring consists of a partial or total exchange against other substantially different assets (for example, the exchange of a debt instrument against an equity instrument), it results in the extinction of the original asset and the recognition of the assets remitted in exchange, measured at their fair value at the date of exchange. The difference in value is recorded in the income statement in 'Cost of risk'.

1.e.6 COST OF RISK

Cost of risk includes the following items of income:

- Impairment gains and losses resulting from the accounting of loss allowances for 12-month expected credit losses and lifetime expected credit losses ('stage 1' and 'stage 2') relating to debt instruments measured at amortised cost or at fair value through shareholders' equity, loan commitments and financial guarantee contracts that are not recognised at fair value as well as lease receivables, contract assets and trade receivables;
- Impairment gains and losses resulting from the accounting of loss allowances relating to financial assets for which there is objective evidence of impairment ('stage 3'), write-offs on irrecoverable loans and amounts recovered on loans written-off;
- Impairment gains and losses relating to fixed-income securities of insurance entities that are individually impaired (which fall under IAS 39).

It also includes expenses relating to fraud and to disputes inherent to the financing activity.

1.e.7 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Trading portfolio and other financial assets measured at fair value through profit or loss

The trading portfolio includes instruments held for trading (trading transactions), including derivatives.

Other financial assets measured at fair value through profit or loss include debt instruments that do not meet the "collect" or "collect and sale" business model criterion or that do not meet the cash-flow criterion, as well as equity instruments for which the fair value through shareholders' equity option has not been retained.

All those financial instruments are measured at fair value at initial recognition, with transaction costs directly posted in profit or loss. At reporting date, they are measured at fair value, with changes presented in "Net gain/loss on financial instruments at fair value through profit or loss". Income, dividends, and realised gains and losses on disposal related to held for trading transactions are accounted for in the same profit or loss account.

Financial liabilities measured at fair value through profit or loss

Financial liabilities are recognised under option in this category in the two following situations:

- for hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately. An embedded derivative is such that its economic characteristics and risks are not closely related to those of the host contract;
- when using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would otherwise arise if they were to be classified in separate categories;

Changes in fair value due to the own credit risk are recognised under a specific heading of shareholders' equity.

1.e.8 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

A financial instrument issued or its various components are classified as a financial liability or equity instrument, in accordance with the economic substance of the legal contract.

Financial instruments issued by the Group are qualified as debt instruments if the entity in the Group issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group’s own equity instruments.

Equity instruments result from contracts evidencing a residual interest in an entity's assets after deducting all of its liabilities.

Debt securities and subordinated debt

Debt securities and subordinated debt are measured at amortised cost unless they are recognised at fair value through profit or loss.

Debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable or convertible into own equity are hybrid instruments that may contain a debt component and an equity component, determined upon initial recognition of the transaction.

Equity instruments

The term “own equity instruments” refers to shares issued by the parent company (BNP Paribas SA) and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders’ equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group’s interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Financial instruments issued by the group and classified as equity instruments (e.g. Perpetual Super Subordinated Notes) are presented in the balance sheet in ‘capital and retained earnings.’

Distributions from a financial instrument classified as an equity instrument are recognised directly as a deduction from equity. Similarly, the transaction costs of an instrument classified as equity are recognised as a deduction from shareholders’ equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash or by choice by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank recognises the debt at its present value with an offsetting entry in shareholders’ equity.

1.e.9 HEDGE ACCOUNTING

The group retained the option provided by the standard to maintain the hedge accounting requirements of IAS 39 until the future standard on macro-hedging is entered into force. Furthermore, IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions in IAS 39 for these portfolio hedges, as adopted by the European Union, continue to apply.
Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlying;
- the hedging instruments used consist exclusively of “plain vanilla” swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlying. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlying specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in “Net gain/loss on financial instruments at fair value through profit or loss”, symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under “Remeasurement adjustment on interest rate risk hedged portfolios” in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Changes in fair value recognised directly in equity". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

1.e.10 DETERMINATION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This “Day One Profit” is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

1.e.11 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derecognition of financial assets

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

Derecognition of financial liabilities

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recognised in the Group’s balance sheet in the category of securities to which they belong. The corresponding liability is recognised at amortised cost under the appropriate « Financial liabilities at amortised cost » category on the balance sheet, except in the case of repurchase agreements contracted for trading purposes, for which the corresponding liability is recognised in ‘Financial liabilities at fair value through profit or loss.’

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group’s balance sheet. The corresponding receivable is recognised at amortised cost under the appropriate « Financial assets at amortised cost » category in the balance sheet, except in the case of reverse repurchase agreements contracted for trading purposes, for which the corresponding receivable is recognised in ‘Financial assets at fair value through profit or loss.’

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under ‘financial liabilities at fair value through profit or loss.’

1.e.12 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives that meet the two criteria set out in the accounting standard are offset in the balance sheet.

1.f ACCOUNTING STANDARDS SPECIFIC TO INSURANCE ACTIVITIES

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

Financial assets and liabilities of insurance entities fall under IAS 39, as explained in note 1.a.1.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.f.1 PROFIT AND LOSS ACCOUNT

Income and expenses recognised under insurance contracts issued by the group are presented in the income statement under 'Net income from insurance activities'.

This heading in the income statement includes gross premiums written, net gain in investment contracts with no discretionary participation feature, net investment income (including income on investment property and impairments on shares and other equity instruments'), technical changes related to contracts; (including commissions), net charges for ceded reinsurance and technical external expenses.

Other income and expenses relating to insurance activities (i.e. recorded by insurance entities) are presented in the other statement headings according to their nature.

1.f.2 FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

Investments of insurance activities mainly include:

- Investments by insurance entities in financial instruments that are recognised in accordance with the principles of IAS 39, which include investments representing technical reserves of insurance activities and notably unit-linked contracts
- Derivative instruments with a positive fair value. Group insurance entities underwrite derivative instruments for hedging purposes.
- Investment Properties
- Equity method investments
- And reinsurers' share in liabilities arising from insurance and investment contracts.

Investments in financial instruments

Financial investments held by the group's insurance entities are classified in one of the four categories provided for in IAS 39: Financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

- Financial assets at fair value through profit or loss

The category of 'Financial assets at fair value through profit or loss' includes derivatives and financial assets that the Group has elected to recognise and measure at fair value through profit or loss at inception, in accordance with the option offered by IAS 39.

Financial assets may be designated at fair value through profit or loss in the following cases (in accordance with IAS 39):

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately. An embedded derivative is such that its economic characteristics and risks are not closely related to those of the host contract;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate accounting categories;
- when the group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

Investments held in respect of insurance or investment contracts where the financial risk is borne by policyholders (unit-linked contracts) are recognised at fair value through profit or loss.

When the Group measures at fair value through profit or loss investments made in respect of its insurance activities in entities over which it exercises significant influence or joint control, these investments are presented under the line '"Financial assets at fair value through profit or loss" (cf. §1.b.2).

Financial instruments classified in this category are initially recognised at their fair value, with transaction costs being directly recognised in the income statement.
At the closing date, they are valued at their fair value.
Changes in value compared to the last valuation, income, dividends and realised gains and losses are presented under 'Net income from insurance activities' and under 'Income on financial instruments at fair value through profit or loss.'

- Loans and advances

Fixed or determinable -income securities, which are not quoted in an active market, other than those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration, are classified as 'Loans and receivables' when they do not meet the conditions for classification as financial assets at fair value through profit or loss.

Loans and receivables are initially recognised at their fair value or equivalent, which generally corresponds to the net amount originally paid.
Loans and receivables are subsequently measured at amortised cost using the effective interest method and net of repayments of principal and interest.
Interest is calculated using the effective interest method, which includes interest, transaction costs and commissions included in their initial value and is presented under 'Net income from insurance activities' and under sub-heading 'Income on available-for-sale financial assets and other financial assets not measured at fair value.'

Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under 'Cost of risk.'

- Held-to-maturity financial assets

'Held-to-maturity financial assets' includes debt securities, with fixed maturity, that the group intends and ability to hold until maturity.

Securities classified in this category are recognised at amortised cost using the effective interest method.

Income received on these securities is presented under 'Net income from insurance activities' and under sub-heading 'Income on available-for-sale financial assets and other financial assets not measured at fair value.' Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under 'Cost of risk.'

- Available-for-sale financial assets

The category 'Available-for-sale financial assets' includes debt or equity securities that do not fall within the previous three categories.

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the end of the reporting period, they are valued at their fair value and the changes in the latter, excluding accrued income, are presented under a specific heading of equity. On disposal of the securities, these unrealised gains or losses previously recognised in equity are reclassified in the income statement under the heading 'Net income from insurance activities'

Income recognised using the effective interest method on debt securities, dividends received and impairments (in the event of a significant or lasting decline in the value of the securities) of equity securities are presented under 'Net income from insurance activities' and under section 'Income on available-for-sale financial assets and other financial assets not measured at fair value.' Impairment losses on debt securities are presented under 'Cost of risk'.

Investment property

Investment property corresponds to buildings held directly by insurance companies and property companies controlled.

Investment property, except for those used for unit-linked contracts, is recognised at cost and follows the accounting methods of the assets described elsewhere.

Investment property, held in respect of unit-linked contracts, is valued at fair value at fair value or equivalent, with changes in the income statement recognised in the income statement.

Equity method investments

Investments in entities or real estate funds over which the Group exercises significant influence or joint control and for which the equity method is applied are recognized in the line "Equity method investments".

1.f.3 TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

The item 'Technical reserves and other insurance liabilities' includes:

- Commitments to policyholders and beneficiaries of contracts, which include technical reserves for insurance contracts subject to significant insurance hazard (mortality, longevity, disability, incapacity...) and technical liabilities of investment contracts with a discretionary profit-sharing feature, falling within IFRS 4.
  The discretionary participation clause grants life insurance policyholders the right to receive, in addition to the guaranteed remuneration, a share of the financial results achieved;
- Other insurance liabilities related to unit-linked contracts that fall within the scope of IAS 39 (i.e. investment contracts with no discretionary participating features);

- Deferred profit-sharing;
- Liabilities arising from insurance and reinsurance operations, including liabilities to policyholders;
- Financial derivative instruments of insurance activities carried at fair value through profit or loss, the fair value of which is negative. Group insurance entities underwrite derivative instruments for hedging purposes.

Financial liabilities that are not insurance liabilities (e.g. subordinated debt) fall under IAS 39. They are presented in 'Financial liabilities at amortised cost'.

Insurance and reinsurance contracts and investment contracts with discretionary participating features

Life insurance guarantees cover mainly death risk (term life insurance, annuities, repayment of loans or guaranteed minimum on unit-linked contracts) and, regarding borrowers' insurance, to disability, incapacity and unemployment risks.

For life insurance, technical reserves consist mainly of mathematical reserves that corresponds as a minimum, to the surrender value of contracts and surplus reserve.

The policyholders' surplus reserve also includes amounts resulting from the application of shadow accounting representing the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

A capitalisation reserve is set up in individual statutory accounts of French life-insurance companies on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this reserve is reclassified into "Policyholders' surplus" on the liabilities side of the consolidated balance sheet, to the extent that it is highly probable it will be used.

Non-life technical reserves consist of unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

At the reporting date, a liability adequacy test is performed: the level of technical reserves (net of acquisition costs outstanding) is compared to the average value of cash flows resulting from stochastic calculations. Related adjustment to technical reserves, if any, is taken to the profit and loss account for the period.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

Investment contracts with no discretionary participating features

Investment contracts with no discretionary participating features correspond mainly to unit-linked contracts that do not meet the definition of insurance and investment contracts with discretionary participating features.

Liabilities arising from unit-linked contracts are measured by reference to the fair value of the assets backing these contracts at the closing date.

1.g PROPERTY, PLANT, EQUIPMENT, AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Investment property is recognised at cost, with the exception of those representing insurance or investment contracts whose risk is borne by policyholders (unit-linked contracts), which are measured at fair value through profit or loss and presented in the balance sheet under 'Financial investments of insurance activities' (note 1.f.2).

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in “Net gain on non-current assets”.

Gains and losses on disposals of investment property are recognised in the profit and loss account in “Income from other activities” or “Expense on other activities”.

1.h LEASES

Group companies may either be the lessee or the lessor in a lease agreement.

1.h.1 GROUP’S COMPANY AS LESSOR

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

Finance leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under “Interest income”. The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Impairments of lease receivables are determined using the same principles as applied to financial assets measured at amortised cost.

Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor’s balance sheet and depreciated on a straight-line basis over its useful life. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under “Income from other activities” and “Expense on other activities”.

1.h.2 GROUP'S COMPANY AS LESSEE

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is accounted for at amortised cost.

Operating leases

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

1.i NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets or a group of assets and liabilities and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with non-current assets held for sale". When the Group is committed to a sale plan involving loss of control of a subsidiary and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale.

Once classified in this category, non-current assets and the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

In this case, gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.j EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under “Salaries and employee benefits”, with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders’ equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

1.k SHARE-BASED PAYMENTS

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee’s continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee’s continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

1.l PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

1.m CURRENT AND DEFERRED TAX

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

1.n CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including those relating to financial investments of insurance activities and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

1.o USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- The measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- Calculations of the fair value of unquoted financial instruments classified in "Financial assets at fair value through equity", or in "Financial instruments at fair value through profit or loss", whether as assets or liabilities, and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;

- the measurement of provisions for contingencies and charges. In particular, while investigations and litigations are ongoing, it is difficult to foresee their outcome and potential impact. Provision estimation is established by taking into account all available information at the date of the preparation of the financial statements, in particular the nature of the dispute, the underlying facts, the ongoing legal proceedings and court decisions, including those related to similar cases. The Group may also use the opinion of experts and independent legal advisers to exercise its judgement.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

2. IMPACTS OF PRESENTATION CHANGES AND OF THE FIRST TIME ADOPTION OF IFRS 9 AND IFRS 15

As at 31 December 2017, the BNP Paribas Group operated presentation changes and recognised securities at their settlement date:

- Financial instruments of insurance entities, which continue to be recognised according to IAS 39 until 31 December 2020, have been grouped on separate lines of the balance sheet, of the profit and loss account and of the statement of net income and changes in assets and liabilities recognised directly in equity;
- Ahead of the implementation of IFRS 9 “Financial instruments” as of 1 January 2018, a few item headings have been renamed in the balance sheet, the profit and loss account and in the statement of net income and changes in assets and liabilities recognised directly in equity;
- In order to align the definition of “credit institutions” in the financial statements with the definition used in regulatory reportings, outstanding balances with some counterparties were reclassified from “Loans and advances to credit institutions” to “Loans and advances to customers”;
- Securities transactions, previously recognised at trade date, are now recognised at settlement date. This new representation of securities converges with rules applied for liquidity ratios.

The impacts of these changes on the balance sheet, the profit and loss account and on the statement of net income and changes in assets and liabilities recognised directly in equity are presented in note 2.a.

Then, as of 1 January 2018, the BNP Paribas Group has applied the new accounting standards IFRS 9 and IFRS 15:

- Financial instruments held by non-insurance entities have been classified and measured in accordance with IFRS 9 “Financial instruments”;
- IFRS 15 “Revenue from Contracts with Customers” has been applied without any significant change to the balance sheet.

The impacts of the IFRS 9 and IFRS 15 first time adoption are presented in note 2.b.

2.a IMPACTS OF PRESENTATION CHANGES AND OF THE SECURITIES ACCOUNTING AT SETTLEMENT DATE

- **Balance sheet**

In millions of euros	31 December 2017 *IAS 39 former presentation*	Reclassification of financial instruments of insurance entities *(a)*	Re-labelling of financial instruments items	Other reclassifications	Effects of securities transactions previously recognised at trade date *(g)*	31 December 2017 *IAS 39 revised presentation*
ASSETS						
Cash and balances at central banks	178,446					178,446
Financial instruments at fair value through profit or loss						
Securities	119,452		470 *(b)*		3,042	122,964
Loan and repurchase agreements	143,558		224 *(b)*		206	143,988
Instruments designated as at fair value through profit or loss	96,932	(96,238)	(694)*(b)*			
Derivative financial instruments	230,230	(333)				229,897
Derivatives used for hedging purposes	13,756	(33)				13,723
Available-for-sale financial assets	231,975	(114,166)	(117,809)*(c)*			
Financial assets at fair value through equity						
Debt securities			110,881 *(c)*			110,881
Equity securities			6,928 *(c)*			6,928
Financial assets at amortised cost						
Loans and advances to credit institutions	45,670	(1,134)	(378)*(d)*	(23,753)*(f)*		20,405
Loans and advances to customers	727,675	(1,976)	(14,439)*(d)*	23,753 *(f)*		735,013
Debt securities			15,378 *(d)*			15,378
Remeasurement adjustment on interest-rate risk hedged portfolios	3,064					3,064
Held-to-maturity financial assets	4,792	(4,231)	(561)*(d)*			
Financial investments of insurance activities		227,712				227,712
Current and deferred tax assets	6,568					6,568
Accrued income and other assets	107,211	(3,002)			(11,334)	92,875
Equity-method investments	6,812	(386)				6,426
Property, plant and equipment and investment property	31,213	(6,213)				25,000
Intangible assets	3,327					3,327
Goodwill	9,571					9,571
TOTAL ASSETS	1,960,252	-	-	-	(8,086)	1,952,166
LIABILITIES						
Deposit from central banks	1,471					1,471
Financial instruments at fair value through profit or loss						
Securities	69,313				(2,226)	67,087
Deposits and repurchase agreements	172,147		2,498 *(b)*			174,645
Instruments designated as at fair value through profit or loss	53,441		(53,441)*(b)*			
Issued debt securities			50,943 *(b)*		(453)	50,490
Derivative financial instruments	228,019	(375)				227,644
Derivatives used for hedging purposes	15,682					15,682
Financial liabilities at amortised cost						
Deposits from credit institutions	76,503					76,503
Deposits from customers	766,890	(5,949)				760,941
Debt securities	148,156					148,156
Subordinated debt	15,951					15,951
Remeasurement adjustment on interest-rate risk portfolios	2,372					2,372
Current and deferred tax liabilities	2,466					2,466
Accrued expenses and other liabilities	86,135	(734)			(5,407)	79,994
Technical reserves and other insurance liabilities	203,436	7,058				210,494
Provisions for contingencies and charges	11,061					11,061
TOTAL LIABILITIES	1,853,043	-	-	-	(8,086)	1,844,957
EQUITY						
Share capital, additional paid-in capital and retained earnings	*91,094*		*(68)(e)*			*91,026*
Net income for the period attributable to shareholders	*7,759*					*7,759*
Total capital, retained earnings and net income for the period attributable to shareholders	98,853	-	(68)	-	-	98,785
Changes in assets and liabilities recognized directly in equity that will not be reclassified to profit or loss			68 *(e)*			68
Changes in assets and liabilities recognized directly in equity that may be reclassified to profit or loss	3,130					3,130
Shareholders' equity	101,983	-	-	-	-	101,983
Retained earnings and net income for the period attributable minority interests	5,352		30 *(e)*			5,382
Changes in assets and liabilities recognized directly in equity that will not be reclassified to profit or loss			(30)*(e)*			(30)
Changes in assets and liabilities recognized directly in equity that may be reclassified to profit or loss	(126)					(126)
Minority interests	5,226	-	-	-	-	5,226
TOTAL EQUITY	107,209	-	-	-	-	107,209
TOTAL LIABILITIES AND EQUITY	1,960,252	-	-	-	(8,086)	1,952,166

The balance sheet as at 31 December 2017 has undergone the following presentation changes:

(a) Financial instruments of the Group's insurance entities continue to be recognised and presented in accordance with IAS 39. On the asset side, they amount to EUR 228 billion and are classified in "Financial investments of insurance activities". These assets were mainly presented previously within "Available-for-sale financial assets" (EUR 114 billion) and within "Instruments designated as at fair value through profit or loss" (EUR 96 billion). The amount of financial liabilities reclassified is less material.

The Group renamed balance sheet item headings and details in this table the re-labelling from former headings and to new headings:

(b) "Instruments designated as at fair value through profit or loss", previously presented on specific asset and liability lines, have been broken down by type of instruments within "Financial instruments at fair value through profit or loss". On the liability side of the balance sheet, EUR 53 billion were split between EUR 51 billion of "Debt securities" and EUR 2 billion of "Deposits and repurchase agreements".

(c) « Available-for-sale financial assets » were re-labelled into « Financial assets at fair value through equity ».

(d) « Held-to-maturity financial assets » and securities previously included in « Loans and advances to customers » and « Loans and advances to credit institutions » were grouped into the « Debt securities » sub-section of « Financial assets at amortised cost ».

(e) Remeasurement gains (losses) related to post-employment benefit plans were presented separately within the new heading « Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss ».

(f) In order to align the definition of "credit institutions" in the financial statements and in the FINREP regulatory reports, some counterparties were reclassified from "Loans and advances to credit institutions" to "Loans and advances to customers" for an amount of EUR 24 billion.

Moreover, the settlement date accounting of securities *(g)* led to a decrease in the total balance sheet of EUR 8 billion (mainly due to a EUR 11 billion decrease in "Accrued income and other assets").

- **Profit and loss account**

In millions of euros	First half 2017 *former presentation*	Reclassification of income and expense from insurance activities	Re-labelling of financial instruments item headings	Reclassification of interest income and expense on trading instruments	First half 2017 *revised presentation*
Interest income	20,633	(1,741)		(2,136)	16,756
Interest expense	(9,935)	1,763		2,088	(6,084)
Commission income	6,659	(180)			6,479
Commission expense	(2,884)	1,126			(1,758)
Net gains on financial instruments at fair value through profit or loss	3,262	(382)		48	2,928
Net gains on available-for-sale financial assets and other financial assets not measured at fair value	1,537	(410)	(1,127)		
of which net gains on available-for-sale financial instruments	*1,516*	*(410)*	*(1,106)*		
of which net gains on loans and receivables and held-to-maturity financial assets	*21*		*(21)*		
Net gains on financial instruments at fair value through equity			1,106		1,106
Net gains on derecognised amortised-cost financial assets			21		21
Net income from insurance activities		1,914			1,914
Income from other activities	21,898	(16,153)			5,745
Expense on other activities	(18,935)	14,063			(4,872)
REVENUES	**22,235**	-	-	-	**22,235**
Salary and employee benefit expense	(8,337)				(8,337)
Other operating expenses	(6,048)				(6,048)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(805)				(805)
GROSS OPERATING INCOME	**7,045**	-	-	-	**7,045**
Cost of risk	(1,254)				(1,254)
OPERATING INCOME	**5,791**	-	-	-	**5,791**
Share of earnings of equity-method entities	388				388
Net gain on non-current assets	29				29
Goodwill	7				7
PRE-TAX INCOME	**6,215**	-	-	-	**6,215**
Corporate income tax	(1,695)				(1,695)
NET INCOME	**4,520**	-	-	-	**4,520**
Net income attributable to minority interests	230				230
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**4,290**	-	-	-	**4,290**

Income and expense from insurance activities have been reclassified into « Net income from insurance activities », which amounts to EUR 1,914 million, thus including:

- Gross written premiums and changes in unearned premiums from insurance contracts and investment contracts with discretionary participating features according to IFRS 4;
- Investments income, net of expense ;
- Amortisation of deferred acquisition costs;
- Claims and benefits expenses;
- Net result from reinsurance ceded.

Other income and expense amounts related to insurance entities are grouped, depending on their nature, with amounts presented on other profit or loss headings.

Moreover, interest income and expense from trading instruments, previously presented under “Interest income / expense”, are now presented within « Net gain on financial instruments at fair value through profit or loss » (net amount of EUR 48 million for the first half of 2017).

- **Statement of net income and changes in assets and liabilities recognised directly in equity**

In millions of euros	First half 2017 IAS 39 *former presentation*	Reclassification of changes in value of investments of insurance activities	Re-labelling of financial instruments item headings	First half 2017 IAS 39 *revised presentation*
Net income for the period	**4,520**	**-**	**-**	**4,520**
Changes in assets and liabilities recognised directly in equity	**(1,944)**	**-**	**-**	**(1,944)**
Items that are or may be reclassified to profit or loss	**(2,057)**	**-**	**-**	**(2,057)**
Changes in exchange rate items	(1,468)			(1,468)
- Changes in fair value of financial assets at fair value through equity				
Changes in fair value recognised in equity			578	578
Changes in fair value reclassified to net income			(720)	(720)
- Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables				
Changes in fair value recognised in equity	413	165	(578)	
Changes in fair value reclassified to net income	(728)	8	720	
- Changes in fair value of investments of insurance activities				
Changes in fair value recognised in equity		(165)		(165)
Changes in fair value reclassified to net income		(8)		(8)
- Changes in fair value of hedging instruments				
Changes in fair value recognised in equity	(98)			(98)
Changes in fair value reclassified to net income	3			3
- Income tax	233			233
- Changes in equity-method investments	(412)			(412)
Items that will not be reclassified to profit or loss	**113**	**-**	**-**	**113**
- Remeasurement gains (losses) related to post-employment benefit plans	155			155
- Income tax	(42)			(42)
- Changes in equity-method investments				
TOTAL	**2,576**	**-**	**-**	**2,576**
- Attributable to equity shareholders	2,470			2,470
- Attributable to minority interests	106			106

2.b IMPACTS OF THE ADOPTION OF IFRS 9 AND IFRS 15

- **Synthesis of IFRS 9 and IFRS 15 first time adoption impacts on the balance sheet as at 1 January 2018**

In millions of euros	31 December 2017 IAS 39 *revised presentation*	Impacts of the IFRS 9 adoption			Impacts of the IFRS 15 adoption	1 January 2018
		Reclassifications	Remeasurements			
			Phase 1	Phase 2		*IFRS 9 et IFRS 15*
ASSETS						
Cash and balances at central banks	178,446			(13)		**178,433**
Financial instruments at fair value through profit or loss						
Securities	122,964	7,353	9			**130,326**
Loans and repurchase agreements	143,988	980	(20)			**144,948**
Derivative financial instruments	229,897	(1)				**229,896**
Derivatives used for hedging purposes	13,723	(2)				**13,721**
Financial assets at fair value through equity						
Debt securities	110,881	(57,008)	91	(22)		**53,942**
Equity securities	6,928	(4,598)				**2,330**
Financial assets at amortised cost						
Loans and advances to credit institutions	20,405			(49)		**20,356**
Loans and advances to customers	735,013	(980)		(2,857)		**731,176**
Debt securities	15,378	54,256	(172)	(36)		**69,426**
Remeasurement adjustment on interest-rate risk hedged portfolios	3,064					**3,064**
Financial investments of insurance activities	227,712					**227,712**
Current and deferred tax assets	6,568		30	754	16	**7,368**
Accrued income and other assets	92,875			(12)	98	**92,961**
Equity-method investments	6,426		(62)	(143)		**6,221**
Property, plant and equipment and investment property	25,000					**25,000**
Intangible assets	3,327					**3,327**
Goodwill	9,571					**9,571**
TOTAL ASSETS	**1,952,166**	**-**	**(124)**	**(2,378)**	**114**	**1,949,778**
LIABILITIES						
Deposits from central banks	1,471					**1,471**
Financial instruments at fair value through profit or loss						
Securities	67,087					**67,087**
Deposits and repurchase agreements	174,645					**174,645**
Issued debt securities	50,490					**50,490**
Derivative financial instruments	227,644					**227,644**
Derivatives used for hedging purposes	15,682					**15,682**
Financial liabilities at amortised cost						
Deposits from credit institutions	76,503					**76,503**
Deposits from customers	760,941					**760,941**
Debt securities	148,156					**148,156**
Subordinated debt	15,951					**15,951**
Remeasurement adjustment on interest-rate risk hedged portfolios	2,372					**2,372**
Current and deferred tax liabilities	2,466		5	(245)	8	**2,234**
Accrued income and other assets	79,994				478	**80,472**
Technical reserves and other insurance liabilities	210,494					**210,494**
Provisions for contingencies and charges	11,061			371	(348)	**11,084**
TOTAL LIABILITIES	**1,844,957**	**-**	**5**	**126**	**138**	**1,845,226**
EQUITY						
Share capital, additional paid-in capital and retained earnings	*91,026*	*1,308*	*(12)*	*(2,418)*	*(24)*	***89,880***
Net income for the period attributable to shareholders	*7,759*					***7,759***
Total capital, retained earnings and net income for the period attributable to shareholders	**98,785**	**1,308**	**(12)**	**(2,418)**	**(24)**	**97,639**
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	68	238				**306**
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	3,130	(1,546)	(103)			**1,481**
Shareholders' equity	**101,983**	**-**	**(115)**	**(2,418)**	**(24)**	**99,426**
Retained earnings and net income from the period attributable to minority interests	5,382	18	1	(86)		**5,315**
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	(30)	3				**(27)**
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	(126)	(21)	(15)			**(162)**
Minority interests	**5,226**	**-**	**(14)**	**(86)**	**-**	**5,126**
TOTAL EQUITY	**107,209**	**-**	**(129)**	**(2,504)**	**(24)**	**104,552**
TOTAL LIABILITIES AND EQUITY	**1,952,166**	**-**	**(124)**	**(2,378)**	**114**	**1,949,778**

The post-tax impact of IFRS 15 adoption on shareholders' equity as at 1 January 2018 amounts to EUR -24 million. This impact is generated by:

- a change in the timing of recognition of revenues derived from maintenance services offered by operating lease entities;
- a change in the timing of recognition of revenues derived from real estate programmes.

Income from these activities is recognised in the profit and loss account within "Income / expense from other activities".

- **Detail of the impacts of IFRS 9 and IFRS 15 adoption on the balance sheet**

In millions of euros	31 December 2017 IAS 39 revised presentation	Reclassification phase 1							Balance after reclassification Phase 1
		IAS 39 original categories				Reclassification of debt remeasurement effect arising from the Group issuer risk	Other reclassifications	TOTAL	
		Available-for-sale financial assets at fair value through equity		Held-to-maturity financial assets at amortised cost					
		Debt securities	Equity securities	Debt securities	Loans and receivables				
ASSETS									
Cash and balances at central banks	178,446							-	178,446
Financial instruments at fair value through profit or loss									
Securities	122,964	1,536 (b)	4,598 (c)	1,216 (f)			3	7,353	130,317
Loans and repurchase agreements	143,988				980 (f)			980	144,968
Derivative financial instruments	229,897						(1)	(1)	229,896
Derivatives uses for hedging purposes	13,723						(2)	(2)	13,721
Financial assets at fair value through equity									
Debt securities	110,881	(58,500)(a)(b)		1,492 (e)				(57,008)	53,873
Equity securities	6,928		(4,598)(c)					(4,598)	2,330
Financial assets at amortised cost									
Loans and advances to credit institutions	20,405							-	20,405
Loans and advances to customers	735,013				(980)(f)			(980)	734,033
Debt securities	15,378	56,964 (a)		(2,708)(e)(f)				54,256	69,634
Remeasurement adjustment on interest-rate risk hedged portfolios	3,064							-	3,064
Financial investments of insurance activities	227,712							-	227,712
Current and deferred tax assets	6,568							-	6,568
Accrued income and other assets	92,875							-	92,875
Equity-method investments	6,426							-	6,426
Property, plant and equipment and investment property	25,000							-	25,000
Intangible assets	3,327							-	3,327
Goodwill	9,571							-	9,571
TOTAL ASSETS	**1,952,166**	-	-	-	-	-	-	-	**1,952,166**
TOTAL LIABILITIES	**1,844,957**	-	-	-	-	-	-	-	**1,844,957**
of which current and deferred tax liabilities	2,466							-	2,466
of which accrued expenses and other liabilities	79,994							-	79,994
of which provisions for contingencies and charges	11,061							-	11,061
EQUITY									
Capital, retained earnings and net income for the period attributable to shareholders	98,785	46 (b)	938 (c)			323 (g)	1	1,308	100,093
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	68		561 (d)			(323)(g)		238	306
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	3,130	(46)	(1,499)(c)(d)				(1)	(1,546)	1,584
Shareholders' equity	**101,983**	-	-	-	-	-	-	-	**101,983**
Retained earnings and net income for the period attributable to minority interests	5,382	5 (b)	14 (c)			(1)(g)		18	5,400
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	(30)		2 (d)			1 (g)		3	(27)
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	(126)	(5)	(16)(c)(d)					(21)	(147)
Minority interests	**5,226**	-	-	-	-	-	-	-	**5,226**
TOTAL EQUITY	**107,209**	-	-	-	-	-	-	-	**107,209**
TOTAL LIABILITIES AND EQUITY	**1,952,166**	-	-	-	-	-	-	-	**1,952,166**

The adoption of IFRS 9 provisions related to the classification and measurement of financial instruments led to the following impacts as of 1 January 2018:

- Securities previously classified as available-for-sale financial assets recognised at fair value through equity:

  (a) Treasury bills, Government bonds and other debt securities previously recognised as at fair value through equity for which the business model consists of collecting contractual cash flows have been classified at amortised cost for EUR 57 billion; their cumulated changes in value, which were included in equity as at 31 December 2017 were cancelled (EUR 170 million before tax, or EUR 111 million in equity attributable to shareholders).

  (b) By way of exception, EUR 1.5 billion for which the contractual cash flows do not consist solely of payments relating to principal and interest on the principal are measured at fair value through profit and loss. Within shareholders' equity, this classification triggered the transfer of EUR 46 million (Group share) from "Changes in assets and liabilities recognised directly in equity" to "Retained earnings".

  (c) Investments in equity instruments such as shares were classified as financial instruments at fair value through profit or loss for EUR 4.6 billion. This classification triggered the transfer of EUR 938 million net unrealised gain (Group share) from "Changes in assets and liabilities recognised directly in equity" to "Retained earnings".

  (d) The option of recognising equity securities at fair value through equity was retained for EUR 2.3 billion. This classification triggered the transfer of EUR 561 million net unrealised gain (Group share) from "Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss" to "Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss".

In millions of euros	Balances after phase 1 reclassifications	Remeasurement - phase 1: From available-for-sale debt securities to amortised cost	From Loans and receivables to Financial assets at fair value through equity	From Loans and receivables to Financial instruments at fair value through profit or loss	Other adjustments	TOTAL	Total phase 1	Impairment ajustments phase 2	TOTAL IFRS 9 Impact	IFRS 15 Impact	1 January 2018
ASSETS											
Cash and balances at central banks	178,446					-	-	(13)	(13)		178,433
Financial instruments at fair value through profit or loss											
Securities	130,317			25 (f)	(16)	9	7,362		7,362		130,326
Loans and repurchases agreements	144,968			(10)(f)	(10)	(20)	960		960		144,948
Derivative financial instruments	229,896					-	(1)		(1)		229,896
Derivatives uses for hedging purposes	13,721					-	(2)		(2)		13,721
Financial assets at fair value through equity											
Debt securities	53,873		84 (e)		7	91	(56,917)	(22)	(56,939)		53,942
Equity securities	2,330					-	(4,598)		(4,598)		2,330
Financial assets at amortised cost											
Loans and advances to credit institutions	20,405					-	-	(49)	(49)		20,356
Loans and advances to customuers	734,033					-	(980)	(2,857)	(3,837)		731,176
Debt securities	69,634	(170)(a)			(2)	(172)	54,084	(36)	54,048		69,426
Remeasurement adjustment on interest-rate risk hedged portfolios	3,064					-	-		-		3,064
Financial investments of insurance activities	227,712					-	-		-		227,712
Current and deferred tax assets	6,568	42 (a)	(25)(e)	(9)(f)	22	30	30	754	784	16	7,368
Accrued income and other assets	92,875					-	-	(12)	(12)	98	92,961
Equity-method investments	6,426				(62)(h)	(62)	(62)	(143)	(205)		6,221
Property, plant and equipment and investment property	25,000					-	-		-		25,000
Intangible assets	3,327					-	-		-		3,327
Goodwill	9,571					-	-		-		9,571
TOTAL ASSETS	**1,952,166**	**(128)**	**59**	**6**	**(61)**	**(124)**	**(124)**	**(2,378)**	**(2,502)**	**114**	**1,949,778**
TOTAL LIABILITIES	**1,844,957**	**-**	**-**	**-**	**5**	**5**	**5**	**126**	**131**	**138**	**1,845,226**
of which current and deferred tax liabilities	2,466				5	5	5	(245)	(240)	8	2,234
of which accrued expenses and other liabilities	79,994					-	-		-	478	80,472
of which provisions for contingencies and charges	11,061					-	-	371	371	(348)	11,084
EQUITY											
Capital, retained earnings and net income for the period attributable to shareholders	100,093			5 (f)	(17)	(12)	1,296	(2,418)	(1,122)	(24)	97,639
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	306						238		238		306
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	1,584	(111)(a)	59 (e)		(51)	(103)	(1,649)		(1,649)		1,481
Shareholders' equity	**101,983**	**(111)**	**59**	**5**	**(68)**	**(115)**	**(115)**	**(2,418)**	**(2,533)**	**(24)**	**99,426**
Retained earnings and net income for the period attributable to minority interests	5,400			1		1	19	(86)	(67)		5,315
Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	(27)					-	3		3		(27)
Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	(147)	(17)(a)			2	(15)	(36)		(36)		(162)
Minority interests	**5,226**	**(17)**	**-**	**1**	**2**	**(14)**	**(14)**	**(86)**	**(100)**	**-**	**5,126**
TOTAL EQUITY	**107,209**	**(128)**	**59**	**6**	**(66)**	**(129)**	**(129)**	**(2,504)**	**(2,633)**	**(24)**	**104,552**
TOTAL LIABILITIES AND EQUITY	**1,952,166**	**(128)**	**59**	**6**	**(61)**	**(124)**	**(124)**	**(2,378)**	**(2,502)**	**114**	**1,949,778**

- Loans and receivables and assets held to maturity recognised at amortised cost:

  (e) reclassification of debt securities previously included in « Loans and advances » into « Financial assets at fair value through equity » for EUR 1.5 billion, based on their « collect and sell » business model. A EUR 84 million difference (before tax) between the fair value of these securities and their previous net carrying amount was recognised in assets, and a EUR 59 million after tax (Group share) revaluation was recognised in « changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss ».

  (f) reclassification of loans and debt securities previously included in "Loans and advances" into "Financial instruments at fair value through profit or loss" for respectively EUR 1 billion and EUR 1.2 billion (instruments for which the contractual cash flows do not consist solely of payments relating to principal and interest on the principal, or for which the business model does not allow a classification at amortised cost or at fair value through equity). Minor changes in value related to these classifications were recognised with an impact in retained earnings.

With respect to financial liabilities, the main change introduced by IFRS 9 relates to the recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which are recognised on a separate line in shareholders' equity and no longer through profit or loss. Thus, EUR 323 million cumulated changes in value (Group share) were reclassified as of 1 January 2018 from "retained earnings" into "changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss" *(g)*.

The main "other adjustment" is related to the adoption of the IFRS 9 provisions on classification and measurement of financial instruments by equity-method entities *(h)*.

- **Reconciliation between IAS 39 and the IAS 37 impairment provisions and the IFRS 9 expected credit losses**

The impact of the new impairment model defined by IFRS 9 is an increase in the impairment of financial instruments by EUR 3.3 billion before tax (a decrease in the value of "Loans and advances to customers" by EUR 2.9 billion and an increase in the amount of "Provisions for contingencies and charges" related to financing and guarantee commitments by EUR 0.4 billion).

In millions of euros	31 December 2017 IAS 39	From Loans and receivables to Financial instruments at fair value through profit or loss	From available-for-sale debt securities to amortised cost	From available-for-sale debt securities to assets at fair value through equity	From available-for-sale debt securities to assets at fair value through profit or loss	Change in impairment calculation method	Other impacts	1 January 2018 IFRS 9 & IFRS 15
Cash and balances at central banks						13		13
Financial instruments at fair value through profit or loss	89	128			31		(58)	190
Available-for-sale financial assets	146		(5)	(110)	(31)			-
Financial assets at fair value through equity				110		22	(1)	131
Financial assets at amortised cost								-
Loans and advances to credit institutions	109					49	(12)	146
Loans and advances to customers	24,686	(128)				2,857	(5)	27,410
Debt securities			5			36	61	102
Other assets	63					12		75
Commitments and other items	906					371		1,277
Total expected credit losses	**25,999**	**-**	**-**	**-**	**-**	**3,360**	**(15)**	**29,344**

- **Financial instruments at fair value through equity under IAS 39, reclassified at amortised cost under IFRS 9**

IAS 39 accounting categories In millions of euros	IFRS 9 accounting categories	Carrying value at 30 June 2018	Fair value at 30 June 2018	Change in value which would be recognised in equity for the first half 2018
Available-for-sale financial assets	**Financial assets at amortised cost**			
	Debt securities	47,306	46,764	(542)

3. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF OF 2018

3.a NET INTEREST INCOME

The BNP Paribas Group includes in 'interest and similar income' and 'interest and similar expenses' all income and expense from financial instruments measured at amortised cost (interest, fees and transaction costs) and from financial instruments measured at fair value through equity. These amounts are calculated using the effective interest method.

These items also include the interest income and expense of non-trading financial instruments the characteristics of which do not allow for recognition at amortised cost or at fair value through equity, as well as of financial instruments that the Group has designated as at fair value through profit or loss. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Net gain on financial instruments at fair value through profit or loss".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

	First half 2018 *IFRS 9 & IFRS 15*			First half 2017 *IAS 39*		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Financial instrument at amortised cost	**14,216**	**(4,919)**	**9,297**	**13,239**	**(4,092)**	**9,147**
Deposits, loans and borrowings	13,170	(3,838)	9,332	12,576	(3,108)	9,468
Repurchase agreements	82	(29)	53	67	(42)	25
Finance leases	635	(37)	598	577	(26)	551
Debt securities	329		329	19		19
Issued debt securities and subordinated debt		(1,015)	(1,015)		(916)	(916)
Financial instruments at fair value through equity	**474**	**-**	**474**	**781**	**-**	**781**
Debt securities	474		474	781		781
Financial instruments at fair value through profit or loss (Trading securities excluded)	**20**	**(249)**	**(229)**	**27**	**(132)**	**(105)**
Cash flow hedge instruments	**1,795**	**(1,043)**	**752**	**1,122**	**(359)**	**763**
Interest rate portfolio hedge instruments	**1,443**	**(1,284)**	**159**	**1,587**	**(1,501)**	**86**
Total interest income/(expense)	**17,948**	**(7,495)**	**10,453**	**16,756**	**(6,084)**	**10,672**

Interest on financial instruments at amortised cost includes, for the first half of 2017, interest income and expenses on held-to-maturity financial assets, customer and interbank items and debt issued by the group (excluding issues that the Group has designated as at fair value through profit or loss).

Interest on financial instruments at fair value through equity corresponds, for the first half of 2017, to interest on debt securities available for sale, of which about half of the portfolio was reclassified at amortised cost as of 1 January 2018. This reclassification mainly explains the variation of interest on debt securities within interest on financial instruments at amortised cost between the two periods.

Interest on financial instruments at fair value through profit or loss corresponds, for the first half of 2017, to interest income and expenses on financial instruments that the Group designated as at fair value through profit or loss. For the first half of 2018, this aggregate also includes interest on non-trading financial instruments whose characteristics prevent their classification at amortised cost or at fair value through equity.

The effective interest rate applied on the second series of Targeted Longer-Term Refinancing Operations (TLTRO II) conducted by the European Central Bank takes into account a 40 bp interest incentive.

Interest income on individually impaired loans amounted to EUR 225 million for the first half of 2018, compared to EUR 289 million for the first half of 2017.

3.b Commission income and expense

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*			First half 2017 *IAS 39*		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	1,887	(514)	1,373	1,751	(406)	1,345
Securities and derivatives transactions	924	(538)	386	1,226	(618)	608
Financing and guarantee commitments	560	(21)	539	540	(17)	523
Asset management and other services	2,361	(137)	2,224	2,118	(146)	1,972
Others	770	(632)	138	844	(571)	273
Commission income/expense	**6,502**	**(1,842)**	**4,660**	**6,479**	**(1,758)**	**4,721**
- of which net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions	*1,461*	*(140)*	*1,321*	*1,390*	*(135)*	*1,255*
- of which commission income and expense on financial instruments not measured at fair value through profit or loss	*1,492*	*(183)*	*1,309*	*1,310*	*(157)*	*1,153*

3.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial instruments measured at fair value through profit or loss includes all profit and loss items relating to financial instruments managed in the trading book, financial instruments that the Group has designated as at fair value through profit or loss, as well as debt instruments whose cash flows are not solely repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets.

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

These income items include dividends on these instruments and exclude interest income and expense from financial instruments designated as at fair value through profit or loss and instruments whose cash flows are not only repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets, which are presented in "interest margin" (note 3.a).

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Trading book	**3,363**	**4,098**
Interest rate and credit instruments	2,731	634
Equity financial instruments	183	4,097
Foreign exchange financial instruments	208	(361)
Loans and repurchase agreements	(309)	(270)
Other financial instruments	550	(2)
Financial instruments designated as at fair value through profit or loss	**(18)**	**(1,254)**
of which debt remeasurement effect arising from BNP Paribas Group issuer risk[(1)]		*(98)*
Other financial instruments at fair value through profit or loss	**238**	
Debt instruments	(25)	
Equity instruments	263	
Impact of hedge accounting	**(38)**	**84**
Fair value hedging derivatives	(21)	24
Hedged items in fair value hedge	(17)	60
Total	**3,545**	**2,928**

[(1)]Debt remeasurement effect arising from BNP Paribas Group issuer risk (Own Credit Adjustment - OCA) is recognised as of 1 January 2018 in equity, within "Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss".

Net gains on the trading book in 2018 and 2017 include a non-material amount related to the ineffective portion of cash flow hedges.

3.d NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY AND ON FINANCIAL ASSETS AT AMORTISED COST

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Net gain on debt instruments at fair value through equity	111	236
Debt securities[1]	111	236
Net gain on equity instruments at fair value through equity	59	870
Dividend income	59	223
Additions to impairment provisions		(111)
Net disposal gains		758
Net gain on financial instruments at fair value through equity	**170**	**1,106**
Net gain on financial instruments at amortised cost	14	21
Loans and receivables	13	21
Debt securities[1]	1	-
Net gain on financial assets at amortised cost	**14**	**21**

[1]Interest income from debt instruments is included in "Net interest income" (note 3.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 3.h).

For the first half of 2018, net gain on financial instruments at fair value through equity includes gains and losses from disposals of debt securities at fair value through equity and dividends on equity securities for which the Group applied the fair value through equity option; gains and losses on the latter are no longer recognised in profit and loss, but directly in equity.

For the first half of 2017, additions to impairment provisions and gains and losses from disposals of equity securities were those recognised under IAS 39 on available-for-sale securities.

Unrealised gains and losses on debt securities previously recorded under "Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss" and included in the pre-tax income, amount to a gain of EUR 98 million for the first half of 2018.

3.e NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	First half 2018	First half 2017
Gross premiums	14,203	12,590
Net gain from investment contracts with discretionary participation feature and other services	23	7
Net investment income	1,725	5,538
Technical charges related to contracts	(12,678)	(15,215)
Net charges from ceded reinsurance	(99)	15
Policy benefit expenses	(1,041)	(1,021)
Net income from insurance activities	**2,133**	**1,914**

"Policy benefit expenses" include expenses arising from surrenders, maturities and claims relating to insurance contracts. "Technical charges related to contracts" include changes in the value of financial contracts, in particular unit-linked policies. Interest paid on such contracts is recognised in “Net investment income”.

In millions of euros	First half 2018	First half 2017
Net gain on available-for-sale financial assets	1,997	1,897
Interest income and dividends	*1,649*	*1,679*
Additions to impairment provisions	*(7)*	*(12)*
Net disposal gains	*355*	*230*
Net gain on financial instruments at fair value through profit or loss	(461)	3,435
Net gain on financial instruments at amortised cost	138	180
Investment property income/expense	58	12
Share of earnings of equity-method investments	(1)	-
Other income/expense	(6)	14
NET INVESTMENT INCOME	**1,725**	**5,538**

3.f NET INCOME FROM OTHER ACTIVITIES

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*			First half 2017 *IAS 39*		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	47	(18)	29	83	(14)	69
Net income from assets held under operating leases	4,925	(4,233)	692	4,236	(3,581)	655
Net income from property development activities	436	(309)	127	576	(466)	110
Other net income	1,204	(1,023)	181	850	(811)	39
Total net income from other activities	**6,612**	**(5,583)**	**1,029**	**5,745**	**(4,872)**	**873**

3.g OTHER OPERATING EXPENSES

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
External services and other operating expenses	(4,957)	(4,680)
Taxes and contributions [(1)]	(1,477)	(1,368)
Total other operating expenses	**(6,434)**	**(6,048)**

[(1)]Contributions to European resolution funds, including exceptional contributions, amount to EUR 608 million for the first half 2018 compared with EUR 502 million for the first half 2017.

3.h COST OF RISK

The group general model for impairment described in note 1.e.5 used by the Group relies on the following two steps:

- Assessing whether there has been a significant increase in credit risk since initial recognition, and
- Measuring impairment allowance as either 12-month expected credit losses or lifetime expected credit losses.

Both steps shall rely on forward looking information.

Significant increase in credit risk

The assessment of increase in credit risk is done at instrument level based on indicators and thresholds that vary depending on the nature of the exposure and the type of the counterparty.

The internal credit rating methodology used by the Group is described in chapter 5. Pillar 3 of the Registration document as at 31 December 2017 (section 5.4 Credit risk).

- *Wholesale (Corporates / Financial institutions / Sovereigns) and bonds*

The indicator used for assessing increase in credit risk is the internal counterparty rating of the obligor of the facility.

The deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 3 notches (for instance, a downgrade from 4- to 5-).

The low risk expedient permitted by IFRS 9 (i.e. whereby bonds with an investment grade rating at reporting date are considered as stage 1, and bonds with a non-investment grade rating at reporting date are considered as stage 2) is used only for debt securities for which no ratings are available at acquisition date .

- *SME Corporates facilities and Retail*

As far as SME Corporates exposures are concerned, the indicator used for assessing increase in credit risk is also the internal counterparty rating of the obligor of the facility. Due to a higher volatility in the rating system applied, deterioration is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 6 notches.

For retail exposures, two alternative risk indicators of increase in credit risk can be taken into consideration:

- Probability of default (PD): Changes in the 1-year probability of default are considered as a reasonable approximation of changes in the lifetime probability of default. Deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the ratio 1 year PD at the reporting date / 1 year PD at origination is higher than 4.
- Existence of a past due within the last 12 months: in the consumer credit specialised business, the existence of a past due that has been regularised but that has occurred within the last 12 months is considered as a significant deterioration in credit risk and the facility is therefore placed into stage 2.

- *Furthermore, for all portfolios:*
  - The facility is assumed to be in stage 1 when its rating is between above 4- (or its 1 year PD is below or equal to 0,25%) at reporting date, since changes in PD related to downgrades in this zone are less material, and therefore not considered as “significant”.

- When the rating is at 9+ or worse (or the 1 year PD is above 10%) at reporting date, as long as the facility is not credit-impaired, it is considered as significantly deteriorated and therefore placed into stage 2.

As a backstop, when an asset becomes 30 days past due, the credit risk is deemed to have increased significantly since initial recognition and the asset is therefore placed into stage 2.

Forward Looking Information

The Group considers forward-looking information both when assessing significant increase in credit risk and when measuring Expected Credit Losses (ECL).

Regarding the assessment of significant increase in credit risk, beyond the rules based on the comparison of risk parameters between initial recognition and reporting date (cf. “significant increase in credit risk” section), the determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial or geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these risk drivers.

Regarding the measurement of expected credit losses, the Group has made the choice to use 3 macroeconomic scenarios covering a wide range of potential future economic conditions:

- a baseline scenario, consistent with the scenario used for budgeting,
- an adverse scenario, corresponding to the scenario used quarterly in Group stress tests,
- a favourable scenario, allowing to capture situations where the economy performs better than anticipated.

The weighting of the expected credit losses under each scenario is performed as follows:

- 50% for the baseline scenario,
- The weighting of the two alternative scenarios is computed using a relationship with the position in the credit cycle. In this approach, the adverse scenario receives a higher weight when the economy is in strong expansion than in lower growth period in anticipation of a potential downturn of the economy.

In addition, when appropriate, the ECL measurement can take into account scenarios of sale of the assets.

Macro-economic scenarios:

The three macro-economic scenarios correspond to:

- A baseline scenario which describes the most likely path of the economy over the projection horizon. This scenario is updated on a quarterly basis. It is designed by Group Economic Research in collaboration with various experts within the Group. Projections are provided for key markets of the Group, through main macro-economic variables (GDP and its components, unemployment rate, consumer prices, interest rates, foreign exchange rates, oil prices, real estate prices…) which are drivers for risk parameter models used downstream in the credit stress testing process;
- An adverse scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path. The starting point is a shock on GDP. This shock on GDP is applied with variable magnitudes, but simultaneously among economies when the crisis considered is a global contemporaneous crisis. These assumptions are broadly consistent with those proposed by the regulators. Other variables (unemployment, inflation, interest rate) are deducted on the basis of econometric relationships and expert judgment.
- A favourable scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path. To achieve an unbiased estimation of provisions, the favourable scenario is designed in such a way that the probability of the shock on GDP growth (on average over the cycle) is equal to the probability of the corresponding shock in the adverse scenario. The magnitude of favourable GDP shocks generally corresponds to 80%-95% of the magnitude of adverse GDP shocks. Other variables

(unemployment, inflation, interest rate) are deducted in the same way as in the adverse scenario.

- **Cost of credit risk for the period**

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Net allowances to impairment	(1,122)	(1,254)
Recoveries on loans and receivables previously written off	254	319
Losses on irrecoverable loans	(314)	(319)
Total cost of risk for the period	**(1,182)**	**(1,254)**

Cost of risk for the period by accounting categories and asset type

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Cash and balances at central banks	3	-
Financial instruments at fair value through profit or loss	(10)	6
Financial assets at fair value through equity [1]	(7)	(85)
Financial assets at amortised cost[2]	(1,190)	(1,174)
Loans and receivables	(1,165)	(1,217)
Debt securities	(25)	43
Other assets	4	(1)
Financing and guarantee commitments and other items	18	-
Total cost of risk for the period	**(1,182)**	**(1,254)**
Cost of risk on unimpaired assets and commitments[3]	169	88
of which stage 1	*(51)*	
of which stage 2	*220*	
Cost of risk on impaired assets and commitments - stage 3[4]	(1,351)	(1,342)

[1] 2017 figures represent the cost of risk related to fixed-income available-for-sale financial assets.

[2] 2017 figures represent the cost of risk related to loans and advances to credit institutions and customers and to held-to-maturity financial assets.

[3] 2017 figures represent the cost of risk on a collective basis.

[4] 2017 figures represent the cost of risk on a specific basis.

- **Credit risk impairment**

Change in impairment by accounting category and asset type during the period

In millions of euros,	1 January 2018 *IFRS 9 & IFRS 15*	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	30 June 2018 *IFRS 9 & IFRS 15*
Assets impairment					
Amounts due from central banks	13	3	-	(2)	14
Financial instruments at fair value through profit or loss	190	(19)	-	10	181
Impairment of assets at fair value through equity	131	7	-	-	138
Financial assets at amotised cost	27,658	1,143	(2,057)	(188)	26,556
Loans and receivables	*27,556*	*1,134*	*(2,057)*	*(168)*	*26,465*
Debt securities	*102*	*9*	-	*(20)*	*91*
Other assets	75	(3)	-	(2)	70
Total impairment of financial assets	**28,067**	**1,131**	**(2,057)**	**(182)**	**26,959**
of which stage 1	*1,477*	*44*	*(1)*	*(30)*	*1,490*
of which stage 2	*3,707*	*(207)*	*(3)*	*(94)*	*3,403*
of which stage 3	*22,883*	*1,294*	*(2,053)*	*(58)*	*22,066*
Provisions recognised as liabilities					
Provisions for commitments	763	(5)	(61)	56	753
Other provisions	514	(5)	(26)	(9)	474
Total provisions recognised for credit commitments	**1,277**	**-10**	**(87)**	**47**	**1,227**
of which stage 1	*201*	*7*	-	*10*	*218*
of which stage 2	*265*	*(14)*	-	*(7)*	*244*
of which stage 2	*811*	*(3)*	*(87)*	*44*	*765*
Total impairment and provisions	**29,344**	**1,121**	**(2,144)**	**(135)**	**28,186**

- Change in impairment of amortised cost financial assets during the period

In millions of euros	Impairment on assets subject to 12-month Expected Credit Losses (Stage 1)	Impairment on assets subject to lifetime Expected Credit Losses (Stage 2)	Impairment on doubtful assets (Stage 3)	Total
At 1 January 2018	**1,445**	**3,691**	**22,522**	**27,658**
Net allowance to impairment	**48**	**(210)**	**1,305**	**1,143**
Financial assets purchased or originated during the period	190	133	5	328
Financial assets derecognised during the period [1]	(64)	(72)	(84)	(220)
Transfer to stage 2	(23)	650	(178)	449
Transfer to stage 3	(6)	(260)	684	418
Transfer to stage 1	40	(293)	(27)	(280)
Other allowances/reversals without stage transfer [2]	(89)	(368)	905	448
Impairment provisions used	**(1)**	**(3)**	**(2,053)**	**(2,057)**
Effect of exchange rate movements and other items	**(29)**	**(94)**	**(65)**	**(188)**
At 30 June 2018	**1,463**	**3,384**	**21,709**	**26,556**

[1] Including disposals
[2] Including amortisation

3.i CORPORATE INCOME TAX

In millions of euros	First half 2018 *IFRS 9 & IFRS 15*	First half 2017 *IAS 39*
Net current tax expense	(996)	(1,234)
Net deferred tax expense	(480)	(461)
Corporate income tax expense	**(1,476)**	**(1,695)**

4. SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions, Arval and New Digital Businesses). International Financial Services is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States, as well as Personal Finance and the Insurance and Wealth and Asset Management activities (Wealth Management, Asset Management and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation costs relating to the Group's cross-business savings programmes.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 11% of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

- **Income by business segment**

In millions of euros	First half 2018 IFRS 9 & IFRS 15						First half 2017 IAS 39					
	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income
Retail Banking & Services												
Domestic Markets												
French Retail Banking [1]	**3,034**	(2,218)	(112)	**704**	1	**704**	**3,072**	(2,225)	(158)	**689**		**689**
BNL banca commerciale [1]	**1,366**	(897)	(296)	**173**	(1)	**171**	**1,413**	(880)	(450)	**83**		**83**
Belgian Retail Banking [1]	**1,760**	(1,331)	(4)	**424**		**424**	**1,771**	(1,327)	(27)	**417**	5	**422**
Other Domestic Markets activities [1]	**1,452**	(895)	(61)	**497**	(5)	**491**	**1,355**	(784)	(39)	**532**	33	**565**
International Financial Services												
Personal Finance	**2,735**	(1,397)	(541)	**797**	26	**822**	**2,421**	(1,213)	(465)	**743**	55	**798**
International Retail Banking												
Europe-Mediterranean [1]	**1,192**	(816)	(125)	**251**	139	**389**	**1,178**	(842)	(137)	**199**	101	**300**
BancWest [1]	**1,386**	(967)	(25)	**394**		**394**	**1,495**	(1,052)	(59)	**384**		**384**
Insurance	**1,397**	(710)	1	**688**	121	**810**	**1,216**	(623)	(2)	**592**	110	**702**
Wealth and Asset Management	**1,630**	(1,253)	(2)	**374**	18	**392**	**1,533**	(1,143)	18	**408**	34	**443**
Corporate & Institutional Banking												
Corporate Banking	**1,919**	(1,288)	14	**645**	16	**661**	**2,167**	(1,282)	135	**1,021**	26	**1,047**
Global Markets	**2,945**	(2,230)	(9)	**706**	4	**709**	**3,277**	(2,421)	36	**892**	1	**893**
Securities Services	**1,022**	(842)	3	**183**		**183**	**975**	(791)	1	**186**	1	**186**
Other Activities	**167**	(784)	(25)	**(641)**	197	**(444)**	**360**	(608)	(106)	**(353)**	57	**(296)**
Total Group	**22,004**	**(15,628)**	**(1,182)**	**5,194**	**515**	**5,709**	**22,235**	**(15,190)**	**(1,254)**	**5,791**	**424**	**6,215**

(1) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Turkey and the United States.

5. NOTES TO THE BALANCE SHEET AT 30 JUNE 2018

5.a FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives -, of certain liabilities designated by the Group as at fair value through profit or loss at the time of issuance and of non-trading instruments whose characteristics prevent their accounting at amortised cost or at fair value through equity.

	30 June 2018 IFRS 9 & IFRS 15				1 January 2018 IFRS 9 & IFRS 15			
In millions of euros	Trading book	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total	Trading book	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total
Securities	175,216		7,667	182,883	122,494		7,832	130,326
Loans and repurchase agreements	284,404		1,174	285,578	143,765		1,183	144,948
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**459,620**	**-**	**8,841**	**468,461**	**266,259**	**-**	**9,015**	**275,274**
Securities	95,521			95,521	67,087			67,087
Deposits and repurchase agreements	328,027	2,652		330,679	172,147	2,498		174,645
Issued debt securities (note 5.f)		56,877		56,877		50,490		50,490
of which subordinated debt		*789*		*789*		*836*		*836*
of which non subordinated debt		*50,777*		*50,777*		*47,034*		*47,034*
of which debt representative of shares of consolidated funds held by third parties		*5,311*		*5,311*		*2,620*		*2,620*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**423,548**	**59,529**		**483,077**	**239,234**	**52,988**		**292,222**

Detail of these assets and liabilities is provided in note 5.c.

- **Financial liabilities designated as at fair value through profit or loss**

Financial liabilities at fair value through profit or loss mainly consist of debt securities in issue, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of debt securities in issue contain significant embedded derivatives, whose changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 30 June 2018 was EUR 55,550 million (EUR 49,919 million at 1 January 2018).

- **Other financial assets measured at fair value through profit or loss**

Other financial assets at fair value through profit or loss are financial assets not held for trading:

- Debt instruments that do not meet the criteria defined by IFRS 9 to be classified as financial instruments at "fair value through equity" or at "amortised cost":
  - Their business model is not to "collect contractual cash flows" nor "collect contractual cash flows and sell the instruments"; and/or
  - Their cash flows are not solely repayments of principal and interest on the principal amount outstanding.
- Equity instruments that the Group did not choose to classify as at "fair value through equity".

DERIVATIVE FINANCIAL INSTRUMENTS

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS.

	30 June 2018 IFRS 9 & IFRS 15		1 January 2018 IFRS 9 & IFRS 15	
In millions of euros	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	117,378	103,701	122,110	110,804
Foreign exchange derivatives	81,841	79,756	66,550	65,269
Credit derivatives	6,467	6,964	7,553	8,221
Equity derivatives	28,489	37,634	28,797	39,150
Other derivatives	6,603	5,880	4,886	4,200
Derivative financial instruments	**240,778**	**233,935**	**229,896**	**227,644**

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

	30 June 2018 IFRS 9 & IFRS 15				1 January 2018 IFRS 9 & IFRS 15			
In millions of euros	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total
Interest rate derivatives	1,652,444	9,590,460	5,769,896	17,012,800	1,398,333	9,348,490	4,913,384	15,660,207
Foreign exchange derivatives	12,712	70,375	5,396,893	5,479,980	1,809	48,028	4,631,422	4,681,259
Credit derivatives		303,642	585,820	889,462		288,459	557,572	846,031
Equity derivatives	1,002,436	1,158	685,302	1,688,896	856,023	940	590,719	1,447,682
Other derivatives	123,908	50,602	94,315	268,825	86,262	26,470	78,134	190,866
Derivative financial instruments	**2,791,500**	**10,016,237**	**12,532,226**	**25,339,963**	**2,342,427**	**9,712,387**	**10,771,231**	**22,826,045**

5.b FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

In millions of euros	30 June 2018 IFRS 9 & IFRS 15		1 January 2018 IFRS 9 & IFRS 15	
	Net	of which changes in value taken directly to equity	Net	of which changes in value taken directly to equity
Debt securities	**50,465**	**287**	**53,942**	**584**
Governments	28,758	362	28,649	549
Other public administrations	14,802	(24)	18,615	63
Credit institutions	4,350	(76)	4,099	(56)
Others	2,555	25	2,579	28
Equity securities	**2,319**	**583**	**2,330**	**599**
Total financial assets at fair value through equity	**52,784**	**870**	**56,272**	**1,183**

The option to recognise at fair value through equity certain equity instruments was retained in particular for shares held through strategic partnerships and shares that the Group is required to hold in order to carry out certain activities.

During the first half of 2018, the Group did not sell any of these investments and no unrealised gains or losses were transferred to "retained earnings".

Changes in value taken directly to equity are detailed as follows:

In millions of euros	30 June 2018 IFRS 9 & IFRS 15			1 January 2018 IFRS 9 & IFRS 15		
	Debt securities	Equity securities	Total	Debt securities	Equity securities	Total
Non-hedged changes in value of securities, recognised in "Financial assets at fair value through equity"	**287**	**583**	**870**	**584**	**599**	**1,183**
Deferred tax linked to these changes in value	(69)	(35)	(104)	(192)	(36)	(228)
Group share of changes in value of financial assets at fair value through equity owned by equity-method entities, after deferred tax	50	1	51	62		62
Expected credit loss recognised in profit or loss	138		138	130		130
Changes in value of non-current assets held for sale recognised directly in equity	(121)		(121)			
Other variations	(3)		(3)	1		1
Changes in value of assets taken directly to equity under the heading "Financial assets at fair value through equity"	**282**	**549**	**831**	**585**	**563**	**1,148**
Attributable to equity shareholders	326	528	854	590	561	1,151
Attributable to minority interests	(44)	21	(23)	(5)	2	(3)

5.c MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

VALUATION PROCESS

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value, to which add valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

VALUATION ADJUSTMENTS

Valuation adjustments retained by BNP Paribas for determining fair values are as follows:

Bid/offer adjustments: the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer’s price.

BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

Input uncertainty adjustments: when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

Model uncertainty adjustments: these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

Credit valuation adjustment (CVA): the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment - DVA): OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 306 million as at 30 June 2018, compared with an increase in value of EUR 452 million as at 1 January 2018, i.e. a EUR -146 million variation recognised directly in equity.

INSTRUMENT CLASSES AND CLASSIFICATION WITHIN THE FAIR VALUE HIERARCHY FOR ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

As explained in the summary of significant accounting policies (note 1.e.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- Securitised exposures are further broken down by collateral type.
- For derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

In millions of euros	30 June 2018 *IFRS 9 & IFRS 15* — Trading book				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	**142,028**	**32,985**	**203**	**175,216**	**750**	**2,333**	**4,584**	**7,667**	**40,930**	**11,013**	**841**	**52,784**
Governments	59,146	7,276		66,422		244		244	26,771	1,987		28,758
Asset Backed Securities	818	12,255	26	13,099	-	488	-	488	-	1,263	-	1,263
CDOs / CLOs [(1)]		*171*	*25*	*196*				-				-
Other Asset Backed Securities	*818*	*12,084*	*1*	*12,903*		*488*		*488*		*1,263*		*1,263*
Other debt securities	15,761	11,543	67	27,371	69	1,232	797	2,098	12,880	7,536	28	20,444
Equities and other equity securities	66,303	1,911	110	68,324	681	369	3,787	4,837	1,279	227	813	2,319
Loans and repurchase agreements	**-**	**283,646**	**758**	**284,404**	**-**	**53**	**1,121**	**1,174**	**-**	**-**	**-**	**-**
Loans		2,634	3	2,637		53	919	972				
Repurchase agreements		281,012	755	281,767			202	202				
FINANCIAL ASSETS AT FAIR VALUE	**142,028**	**316,631**	**961**	**459,620**	**750**	**2,386**	**5,705**	**8,841**	**40,930**	**11,013**	**841**	**52,784**
Securities	**91,545**	**3,963**	**13**	**95,521**	**-**	**-**	**-**	**-**				
Governments	69,733	341		70,074				-				
Other debt securities	9,929	2,643	9	12,581				-				
Equities and other equity securities	11,883	979	4	12,866				-				
Borrowings and repurchase agreements	**-**	**325,942**	**2,085**	**328,027**	**-**	**2,242**	**410**	**2,652**				
Borrowings		5,280		5,280		2,242	410	2,652				
Repurchase agreements		320,662	2,085	322,747				-				
Issued debt securities (note 5.f)	**-**	**-**	**-**	**-**	**4,109**	**38,852**	**13,917**	**56,878**				
Subordinated debt (note 5.f)				-		724		724				
Non subordinated debt (note 5.f)				-		36,925	13,917	50,842				
Debt representative of shares of consolidated funds held by third parties				-	4,109	1,203		5,312				
FINANCIAL LIABILITIES AT FAIR VALUE	**91,545**	**329,905**	**2,098**	**423,548**	**4,109**	**41,094**	**14,327**	**59,530**				

In millions of euros	1 January 2018 *IFRS 9 & IFRS 15* — Trading book				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	**97,844**	**24,147**	**503**	**122,494**	**713**	**2,417**	**4,702**	**7,832**	**42,697**	**12,726**	**849**	**56,272**
Governments	42,265	7,831		50,096		253		253	26,713	1,935	-	28,648
Asset Backed Securities	-	7,928	97	8,025	-	555	-	555	-	1,386	-	1,386
CDOs / CLOs [(1)]		*495*	*26*	*521*				-				-
Other Asset Backed Securities		*7,433*	*71*	*7,504*		*555*		*555*		*1,386*		*1,386*
Other debt securities	10,293	7,113	223	17,629		1,295	807	2,102	14,695	9,178	35	23,908
Equities and other equity securities	45,286	1,275	183	46,744	713	314	3,895	4,922	1,289	227	814	2,330
Loans and repurchase agreements	**-**	**143,502**	**263**	**143,765**	**-**	**38**	**1,145**	**1,183**	**-**	**-**	**-**	**-**
Loans		2,047		2,047		38	939	977				
Repurchase agreements		141,455	263	141,718			206	206				
FINANCIAL ASSETS AT FAIR VALUE	**97,844**	**167,649**	**766**	**266,259**	**713**	**2,455**	**5,847**	**9,015**	**42,697**	**12,726**	**849**	**56,272**
Securities	**64,714**	**2,286**	**87**	**67,087**	**-**	**-**	**-**	**-**				
Governments	47,421	249		47,670				-				
Other debt securities	6,150	1,979	85	8,214				-				
Equities and other equity securities	11,143	58	2	11,203				-				
Borrowings and repurchase agreements	**-**	**171,082**	**1,065**	**172,147**	**-**	**2,026**	**472**	**2,498**				
Borrowings		4,500		4,500		2,026	472	2,498				
Repurchase agreements		166,582	1,065	167,647				-				
Issued debt securities (note 5.f)	**-**	**-**	**-**	**-**	**1,916**	**35,673**	**12,901**	**50,490**				
Subordinated debt (note 5.f)						836		836				
Non subordinated debt (note 5.f)						34,133	12,901	47,034				
Debt representative of shares of consolidated funds held by third parties					1,916	704		2,620				
FINANCIAL LIABILITIES AT FAIR VALUE	**64,714**	**173,368**	**1,152**	**239,234**	**1,916**	**37,699**	**13,373**	**52,988**				

(1) Collateralised Debt Obligations / Collateralised Loan Obligations

In millions of euros	30 June 2018 IFRS 9 & IFRS 15							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	417	115,728	1,233	117,378	340	101,899	1,462	103,701
Foreign exchange derivatives	740	80,829	272	81,841	744	78,742	270	79,756
Credit derivatives		6,269	198	6,467		6,339	625	6,964
Equity derivatives	7,513	19,764	1,212	28,489	5,943	26,235	5,456	37,634
Other derivatives	1,850	4,654	99	6,603	1,288	4,349	243	5,880
Derivative financial instruments not used for hedging purposes	**10,520**	**227,244**	**3,014**	**240,778**	**8,315**	**217,564**	**8,056**	**233,935**
Derivative financial instruments used for hedging purposes	**-**	**11,750**	**-**	**11,750**	**-**	**13,535**	**-**	**13,535**

In millions of euros	1 January 2018 IFRS 9 & IFRS 15							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	271	120,184	1,655	122,110	357	109,033	1,414	110,804
Foreign exchange derivatives	1	66,318	231	66,550		64,938	331	65,269
Credit derivatives		7,347	206	7,553		7,622	599	8,221
Equity derivatives	7,781	19,941	1,075	28,797	5,527	27,088	6,535	39,150
Other derivatives	1,046	3,787	53	4,886	673	3,434	93	4,200
Derivative financial instruments not used for hedging purposes	**9,099**	**217,577**	**3,220**	**229,896**	**6,557**	**212,115**	**8,972**	**227,644**
Derivative financial instruments used for hedging purposes	**-**	**13,721**	**-**	**13,721**	**-**	**15,682**	**-**	**15,682**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the beginning of the reporting period.

During the first half of 2018, transfers between Level 1 and Level 2 were not significant.

DESCRIPTION OF MAIN INSTRUMENTS IN EACH LEVEL

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.
For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, ...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

Level 2

The Level 2 stock of securities is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

Repurchase agreements are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives classified in Level 2 comprise mainly the following instruments:

- Vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/commodities forwards and options;
- Structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- Fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an "observability zone" whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3

Level 3 securities of the trading book mainly comprise units of funds and unlisted equity shares.

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value which are classified in the Level 1 of the fair value hierarchy.

Shares and other unlisted variable income securities in level 3 are valued using one of the following methods: a share of revalued net book value, multiples of comparable companies, future cash flows method, multi-criteria approach.

Repurchase agreements*: *mainly long-term or structured repurchase agreements on corporate bonds and ABSs: The valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

To a lesser extent, the repurchase agreement transactions classified as level 3 are transactions on government bonds with maturities exceeding the ones observed in the usual repurchase agreements activity.

Debts issued designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- ***Interest rate derivatives***: exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques.

- ***Credit derivatives (CDS)***: exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium.

- ***Equity derivatives***: exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

Structured derivatives classified in Level 3 predominantly comprise structured derivatives of which hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures are described below, with insight into the related valuation techniques and on the source of uncertainty :

- ***Structured interest rate options*** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term structured derivatives are also classified in Level 3.

- ***Hybrid FX/Interest rate products*** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). The valuation of PRDCs requires sophisticated modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/ interest rate correlations. PRDCs valuations are corroborated with recent trade data and consensus data.

- ***Securitisation swaps*** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data.

- ***Forward volatility options*** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data.

- ***Inflation derivatives*** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration.

- The valuation of ***bespoke CDOs*** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling.

- ***N to Default baskets*** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable.

- ***Equity and equity-hybrid correlation products*** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These structured derivatives are subject to specific valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

Valuation adjustments (CVA, DVA and FVA)

The valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some insufficiently collateralized vanilla interest rate instruments with very long residual maturity.

The below table provides the range of values of main unobservable inputs for the valuation of level 3 financial instruments. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

The main unobservable parameters used for the valuation of debt issued in level 3 are equivalent to these of their economic hedge derivative. Information on those derivatives, displayed in the following table, is also applicable to these debts.

Risk classes	Balance Sheet valuation *(in millions of euros)*		Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
	Asset	Liability					
Repurchase agreements	957	2,085	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 bp to 76 bp	49 bp (a)
Interest rate derivatives	1,233	1,462	Hybrid Forex / Interest rates derivatives	Hybrid Forex interest rate option pricing model	Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY	9% to 60%	40% (a)
			Hybrid inflation rates / Interest rates derivatives	Hybrid inflation interest rate option pricing model	Correlation between interest rates and inflation rates mainly in Europe.	-1% to 29%	25%
			Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.7% to 9,8%	(b)
					Volatility of the year on year inflation rate	0.3% to 2.1%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% to 0.7%	(b)
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modelling Discounted cash flows	Constant prepayment rates	0.1 % to 18%	9% (a)
Credit Derivatives	198	625	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	20% to 80%	(b)
					Inter-regions default cross correlation	80 % to 90%	90%(c)
					Recovery rate variance for single name underlyings	0 to 25%	(b)
			N-to-default baskets	Credit default model	Default correlation	50% to 99%	53% (a)
			Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	53 bp to 305 bp (1)	240 bp (c)
					Illiquid credit default spread curves (across main tenors)	2 bp to 640 bp (2)	112 bp (c)
Equity Derivatives	1,212	5,456	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 88% (3)	26% (d)
					Unobservable equity correlation	10% to 93%	55% (c)

(1) The upper part of the range relates to non-material balance sheet position on a European corporate. The other part relates mainly to sovereign issuers.

(2) The upper bound of the range relates to an energy sector issuer that represents an insignificant portion of the balance sheet on CDSs with illiquid underlying.

(3) The upper part of the range relates to seven equity instruments representing a non-material portion of the balance sheet on options with equity underlying instrument. Including these inputs, the upper bound of the range would be around 425 %.

(a) Weights based on relevant risk axis at portfolio level

(b) No weighting, since no explicit sensitivity is attributed to these inputs

(c) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (present value or notional)

(d) Simple averaging

TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS

For Level 3 financial instruments, the following movements occurred during the first half of 2018:

	Financial assets				Financial liabilities		
In millions of euros	Financial instruments at fair value through profit or loss held for trading	Financial instruments at fair value through profit or loss not held for trading	Financial assets at fair value through equity	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
At 1 January 2018	**3,986**	**5,847**	**849**	**10,682**	**(10,124)**	**(13,373)**	**(23,497)**
Purchases	357	417	6	**780**			**-**
Issues				**-**		(3,318)	**(3,318)**
Sales	(373)	(453)		**(826)**	20		**20**
Settlements [(1)]	112	(161)	(3)	**(52)**	(422)	1,729	**1,307**
Transfers to level 3	80	95		**175**	(65)	(188)	**(253)**
Transfers from level 3	(981)	(25)	(43)	**(1,049)**	155	340	**495**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	58	2	(5)	**55**	(243)	(352)	**(595)**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	736	(12)		**724**	595	886	**1,481**
Changes in fair value of assets and liabilities recognised directly in equity							
- Items related to exchange rate movements		(5)		**(5)**	(70)	(51)	**(121)**
- Changes in fair value of assets and liabilities recognised in equity			37	**37**			**-**
At 30 June 2018	**3,975**	**5,705**	**841**	**10,521**	**(10,154)**	**(14,327)**	**(24,481)**

[(1)]For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, and of market parameters related to repurchase agreements and credit transactions but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the beginning of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

SENSITIVITY OF FAIR VALUE TO REASONABLY POSSIBLE CHANGES IN LEVEL 3 ASSUMPTIONS

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty adjustments related to Level 3.

Regarding the credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other valuation adjustments, two scenarios were considered: a favourable scenario where all or portion of the valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require twice the amount of valuation adjustments considered by BNP Paribas for entering into a transaction.

	30 June 2018 *IFRS 9 & IFRS 15*	
In millions of euros	Potential impact on income	Potential impact on equity
Asset Backed Securities (ABS)	+/-1	
Other debt securities	+/-9	
Equities and other equity securities	+/-39	+/-8
Loans and repurchase agreements	+/-24	
Derivative financial instruments	+/-629	
Interest rate and foreign exchange derivatives	*+/-395*	
Credit derivatives	*+/-37*	
Equity derivatives	*+/-195*	
Other derivatives	*+/-2*	
Sensitivity of Level 3 financial instruments	**+/-702**	**+/-8**

DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON INPUTS PARTLY UNOBSERVABLE IN ACTIVE MARKETS

Deferred margin on financial instruments ("Day One Profit") only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant transactions.

In millions of euros	Deferred margin at 1 January 2018	Deferred margin on transactions during the year	Margin taken to the profit and loss account during the year	Deferred margin at 30 June 2018
Interest rate and foreign exchange derivatives	309	80	(73)	316
Credit derivatives	96	22	(39)	79
Equity derivatives	276	117	(131)	262
Other derivatives	5	2	(3)	4
Derivative financial instruments	**686**	**221**	**(246)**	**661**

5.d FINANCIAL ASSETS AT AMORTISED COST

- **Detail of loans and advances by nature**

	30 June 2018 *IFRS 9 & IFRS 15*			1 January 2018 *IFRS 9 & IFRS 15*		
In millions of euros	Gross Value	Impairment (note 3.h)	Carrying amount	Gross Value	Impairment (note 3.h)	Carrying amount
Loans and advances to credit institutions	**22,589**	**(156)**	**22,433**	**20,502**	**(146)**	**20,356**
On demand accounts	7,840	(23)	7,817	7,226	(18)	7,208
Loans[(1)]	11,905	(133)	11,772	11,616	(128)	11,488
Repurchase agreements	2,844	-	2,844	1,660	-	1,660
Loans and advances to customers	**774,108**	**(26,309)**	**747,799**	**758,586**	**(27,410)**	**731,176**
On demand accounts	44,135	(4,816)	39,319	42,605	(5,308)	37,297
Loans to customers	697,541	(20,347)	677,194	685,019	(20,976)	664,043
Finance leases	32,003	(1,146)	30,857	30,293	(1,126)	29,167
Repurchase agreements	429	-	429	669	-	669
Total loans and advances at amortised cost	**796,697**	**(26,465)**	**770,232**	**779,088**	**(27,556)**	**751,532**

[(1)]Loans and advances to credit institutions include term deposits made with central banks, which amounted to EUR 2 866 million as at 30 June 2018 (EUR 1 603 million as at 1 January 2018).

- **Detail of debt securities**

In millions of euros	30 June 2018 IFRS 9 & IFRS 15 Gross Value	Impairment (note 3.h)	Carrying amont	1 January 2018 IFRS 9 & IFRS 15 Gross Value	Impairment (note 3.h)	Carrying amont
Governments	32,407	(6)	32,401	30,891	(17)	30,874
Other public administration	17,527	-	17,527	18,463	(5)	18,458
Credit institutions	4,732	(1)	4,731	3,836	(4)	3,832
Other	16,857	(84)	16,773	16,338	(76)	16,262
Total debt securities at amortised cost	**71,523**	**(91)**	**71,432**	**69,528**	**(102)**	**69,426**

- **Detail of loans and advances and debt securities by stage**

In millions of euros	30 June 2018 IFRS 9 & IFRS 15 Gross Value	Impairment (note 3.h)	Carrying amount	1 January 2018 IFRS 9 & IFRS 15 Gross Value	Impairment (note 3.h)	Carrying amount
Loans and advances to credit institutions	**22,589**	**(156)**	**22,433**	**20,502**	**(146)**	**20,356**
Stage 1	21,825	(20)	21,805	19,640	(9)	19,631
Stage 2	610	(36)	574	706	(41)	665
Stage 3	154	(100)	54	156	(96)	60
Loans and advances to customers	**774,108**	**(26,309)**	**747,799**	**758,586**	**(27,410)**	**731,176**
Stage 1	652,040	(1,412)	650,628	631,760	(1,422)	630,338
Stage 2	85,459	(3,317)	82,142	89,413	(3,626)	85,787
Stage 3	36,609	(21,580)	15,029	37,413	(22,362)	15,051
Debt securities	**71,523**	**(91)**	**71,432**	**69,528**	**(102)**	**69,426**
Stage 1	70,624	(31)	70,593	68,325	(14)	68,311
Stage 2	725	(31)	694	952	(24)	928
Stage 3	174	(29)	145	251	(64)	187

5.e FINANCIAL LIABILITIES AT AMORTISED COST DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

In millions of euros	30 June 2018 IFRS 9 & IFRS 15	1 January 2018 IFRS 9 & IFRS 15
Deposits from credit institutions	**97,569**	**76,503**
On demand accounts	10,828	9,906
Interbank loans	71,802	61,881
Repurchase agreements	14,939	4,716
Deposits from customers	**783,854**	**760,941**
On demand deposits	453,802	450,381
Savings accounts	144,511	146,422
Term accounts and short-term notes	177,706	162,672
Repurchase agreements	7,835	1,466

5.f DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (note 5.a)

Issuer / Issue date In millions of euros	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment [(1)]	30 June 2018 *IFRS 9 & IFRS 15*	1 January 2018 *IFRS 9 & IFRS 15*
Debt securities							**50,777**	**47,034**
Subordinated debt							**789**	**836**
- Redeemable subordinated debt			[(2)]				**120**	**167**
- Perpetual subordinated debt							**669**	**669**
BNP Paribas Fortis Dec. 2007[(3)]	EUR	3,000	Dec.-14	3-month Euribor +200 bp		A	669	669

[(1)] Conditions precedent for coupon payment:

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

[(2)] After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

[(3)] Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Bank) in December 2007.
The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.
Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.
As at 30 June 2018, the subordinated liability is eligible to Tier 1 capital for EUR 205 million (considering the transitional period).

DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer / Issue date In millions of euros	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment [1]	30 June 2018 *IFRS 9 & IFRS 15*	1 January 2018 *IFRS 9 & IFRS 15*
Debt securities							**162,489**	**148,156**
- Debt securities in issue with an initial maturity of less than one year							**81,289**	**72,337**
Negotiable debt securities							81,289	72,337
- Debt securities in issue with an initial maturity of more than one year							**81,200**	**75,819**
Negotiable debt securities							53,706	54,756
Bonds							27,494	21,063
Subordinated debt							**16,553**	**15,951**
- Redeemable subordinated debt							**14,704**	**14,116**
- Undated subordinated notes			[2]				**1,589**	**1,593**
BNP Paribas SA Oct. 85	EUR	305	-	TMO - 0.25%	-	B	254	254
BNP Paribas SA Sept. 86	USD	500	-	6 month-Libor + 0.075%	-	C	235	228
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov. - 25	4.032%	3-month Euribor + 393 bp	D	987	1,000
Others							113	111
- Participating notes							**222**	**222**
BNP Paribas SA July 84 [3]	EUR	337	-	[4]	-	NA	215	215
Others							7	7
- Expenses and commission, related debt							**38**	**20**

[1] Conditions precedent for coupon payment

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

[2] See reference relating to "Debt securities at fair value through profit or loss".

[3] The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

[4] Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

5.g FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

In millions of euros	30 June 2018			1 January 2018		
	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts (financial risk supported by policyholders)	Total	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts (financial risk supported by policyholders)	Total
Financial instruments designated as at fair value through profit or loss	43,233	62,266	105,499	35,951	60,287	96,238
Derivative financial instruments	744		744	366		366
Available-for-sale financial assets	109,991		109,991	114,166		114,166
Held-to-maturity financial assets	3,758		3,758	4,231		4,231
Loans and receivables	3,969		3,969	3,110		3,110
Equity-method investments	370	-	370	386	-	386
Investment property	3,138	3,178	6,316	3,107	3,106	6,213
Total	**165,203**	**65,444**	**230,647**	**161,317**	**63,393**	**224,710**
Reinsurers' share of technical reserves	2,970	-	2,970	3,002	-	3,002
Financial investments of insurance activities	**168,173**	**65,444**	**233,617**	**164,319**	**63,393**	**227,712**

Investments in financial instruments of insurance activities are accounted for according to IAS 39 principles.

- **Measurement of the fair value of financial instruments**

The criteria for allocating instruments to the levels of the fair value hierarchy, the corresponding valuation methodologies and the principles of transfer between the levels of the hierarchy for insurance investments are similar to those applied for the Group's other financial instruments (note 5.c).

In millions of euros,	30 June 2018				1 January 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial instruments	94,508	15,152	331	109,991	98,206	14,828	1,132	114,166
Equity instruments	*5,300*	*1,217*	*291*	*6,808*	*5,063*	*1,193*	*1,091*	*7,347*
Debt securities	*89,208*	*13,935*	*40*	*103,183*	*93,143*	*13,635*	*41*	*106,819*
Financial instruments at fair value through profit or loss	83,518	15,870	6,111	105,499	78,444	12,213	5,581	96,238
Equity instruments	*81,359*	*10,431*	*5,951*	*97,741*	*76,112*	*7,514*	*5,434*	*89,060*
Debt securities	*2,159*	*5,439*	*160*	*7,758*	*2,332*	*4,700*	*147*	*7,179*
Derivative instruments	33	711	-	744	11	355	-	366
AVAILABLE-FOR-SALE FINANCIAL ASSETS AND FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**178,059**	**31,733**	**6,442**	**216,234**	**176,661**	**27,397**	**6,713**	**210,771**

Level 1: this level comprises equities and liquid bonds, derivative instruments traded on organised markets (futures, options, etc.), units of funds and UCITS for which the net asset value is calculated on a daily basis.

Level 2: this level comprises equities, certain government or corporate bonds, other fund units and UCITS and over-the-counter derivatives.

Level 3: this level consists mainly of fund units and shares which are not quoted on active markets, consisting mainly of units in venture capital companies and funds.

- **Table of movements in Level 3 financial instruments**

For Level 3 financial instruments, the following movements occurred during the period:

In millions of euros,	Financial assets		
	Available-for-sale financial instruments	Financial instruments as at fair value through profit or loss	Total
At 1 January 2018	**1,132**	**5,581**	**6,713**
Purchases	*138*	*1,342*	*1,480*
Sales	*(159)*	*(981)*	*(1,140)*
Settlements	*(794)*	*(64)*	*(858)*
Transfers to Level 3	*41*	*13*	*54*
Transfers from Level 3	*(43)*	*(33)*	*(76)*
Gains recognised in profit or loss	*26*	*251*	*277*
Items related to exchange rate movements	*(1)*	*1*	*-*
Changes in fair value of assets and liabilities recognised in equity	*(9)*	*-*	*(9)*
At 30 June 2018	**331**	**6,111**	**6,442**

During the first half of 2018, transfers between Level 1 and Level 2 were not significant.

- **Details of available-for-sale financial assets**

In millions of euros,	30 June 2018			1 January 2018		
	Debt securities	Equity instruments	Total	Debt securities	Equity instruments	Total
Balance sheet value	**103,184**	**6,807**	**109,991**	**106,819**	**7,347**	**114,166**
of which depreciation	**-**	**(300)**	**(300)**	**-**	**(365)**	**(365)**
of which changes in value recognised directly in equity	**9,868**	**1,117**	**10,985**	**11,637**	**1,551**	**13,188**
Deferred tax linked to these changes in value	(2,632)	(310)	(2,942)	(3,126)	(414)	(3,540)
Insurance policyholders surplus reserve from insurance entities, after deferred tax	(6,328)	(739)	(7,067)	(7,443)	(1,005)	(8,448)
Group share of changes in value of available-for-sale securities owned, by equity-method entities, after deferred tax and insurance policyholders' surplus reserve	741	100	841	656	129	785
Unamortised changes in value of available-for-sale securities	(1)	-	(1)	-	-	-
Other variations	-	-	-	(1)	-	(1)
Changes in value of assets taken directly to equity under the heading "Financial investments of insurance activities"	**1,648**	**167**	**1,815**	**1,723**	**261**	**1,984**
Attributable to equity shareholders	1,619	166	1,785	1,688	259	1,947
Attributable to minority interests	29	1	30	35	2	37

5.h TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

In millions of euros	30 June 2018	1 January 2018
Technical reserves - Non Life insurance contracts	**4,799**	**4,565**
Technical reserves - Life insurance contracts	**144,934**	**141,702**
- Insurance contracts	82,969	81,990
- Unit-linked contracts	61,965	59,712
Technical liabilities - investment contracts	**41,140**	**39,372**
-Investments contracts with discretionary participation feature	37,472	35,838
-Investment contracts without discretionary participation feature	3,667	3,534
Policyholders' surplus reserve - liability	**19,829**	**21,331**
Total technical reserves and liabilities related to insurance and investment contracts	**210,702**	**206,970**
Debts arising out of insurance and reinsurance operations	2,912	3,149
Derivatives financial instruments	703	375
Total technical reserves and other insurance liabilities	**214,317**	**210,494**

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2018, unchanged from 2017.

5.i CURRENT AND DEFERRED TAXES

In millions of euros	30 June 2018 *IFRS 9 & IFRS 15*	1 January 2018 *IFRS 9 & IFRS 15*
Current taxes	1,949	1,777
Deferred taxes	5,248	5,591
Current and deferred tax assets	**7,197**	**7,368**
Current taxes	1,044	887
Deferred taxes	1,463	1,347
Current and deferred tax liabilities	**2,507**	**2,234**

5.j Accrued expenses and other liabilities

In millions of euros	30 June 2018 IFRS 9 & IFRS 15	1 January 2018 IFRS 9 & IFRS 15
Guarantee deposits and bank guarantees paid	62,425	56,452
Collection accounts	492	654
Accrued income and prepaid expenses	6,436	6,179
Other debtors and miscellaneous assets	32,993	29,676
Total accrued income and other assets	**102,346**	**92,961**
Guarantee deposits received	43,933	38,918
Collection accounts	4,007	717
Accrued expense and deferred income	8,450	9,195
Other creditors and miscellaneous liabilities	31,647	31,642
Total accrued expense and other liabilities	**88,037**	**80,472**

5.k Goodwill

In millions of euros	First half 2018 IFRS 9 & IFRS 15
Carrying amount at start of period	**9,571**
Acquisitions	28
Divestments	-
Impairment recognised during the period	-
Transfer to non-current assets held for sale	(1,315)
Exchange rate adjustments	102
Other movements	3
Carrying amount at end of period	**8,389**
Gross value	11,349
Accumulated impairment recognised at the end of period	(2,960)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised during the first half of 2018	Acquisitions during the first half of 2018
	30 June 2018	1 January 2018		
	IFRS 9 & IFRS 15	IFRS 9 & IFRS 15	IFRS 9 & IFRS 15	IFRS 9 & IFRS 15
Retail Banking & Services	**7,251**	**8,472**		**(2)**
Domestic Markets	**1,414**	**1,415**	**-**	
Arval	*506*	*503*		
Leasing Solutions	*134*	*135*		
New Digital Businesses	*159*	*159*		
Personal Investors	*609*	*612*		
Others	*6*	*6*		
International Financial Services	**5,837**	**7,057**		**(2)**
Asset Management	*169*	*167*		
Insurance	*352*	*352*		
BancWest	*2,954*	*4,147*		
Personal Finance	*1,299*	*1,329*		
Personal Finance - partnership tested individually	*348*	*348*		
Real Estate	*405*	*406*		*(2)*
Wealth Management	*273*	*272*		
Others	*37*	*36*		
Corporate & Institutional Banking	**1,135**	**1,096**	**-**	**30**
Corporate Banking	*275*	*274*		
Global Markets	*414*	*407*		
Securities Services	*446*	*415*		*30*
Other Activities	**3**	**3**	**-**	
Total goodwill	**8,389**	**9,571**	**-**	**28**
Negative goodwill			15	
Change in value of goodwill recognised in the profit and loss account			**15**	

5.l PROVISIONS FOR CONTINGENCIES AND CHARGES

- **Provisions for contingencies and charges by type**

In millions of euros	1 Jan. 2018 IFRS 9 & IFRS 15	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	30 June 2018 IFRS 9 & IFRS 15
Provisions for employee benefits	6,740	45	(415)	(120)	(87)	6,163
Provisions for home savings accounts and plans	156	(1)	-		-	155
Provisions for credit commitments (note 3.h)	1,277	(10)	(87)		48	1,228
Provisions for litigations	1,858	107	(186)		(15)	1,764
Other provisions for contingencies and charges	1,053	52	(121)		(58)	926
Total provisions for contingencies and charges	**11,084**	**193**	**(809)**	**(120)**	**(112)**	**10,236**

5.m OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

In millions of euros, at 30 June 2018 IFRS 9 & IFRS 15	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Securities	182,883		182,883			182,883
Loans and repurchase agreements	379,608	(94,030)	285,578	(59,526)	(214,583)	11,469
Derivative financial instruments (including derivatives used for hedging purposes)	348,547	(96,019)	252,528	(184,740)	(28,972)	38,816
Financial assets at amortised cost	842,107	(443)	841,664	(682)	(2,459)	838,523
of which repurchase agreements	*3,273*		*3,273*	*(682)*	*(2,459)*	*132*
Accrued income and other assets	102,346		102,346		(30,215)	72,131
of which guarantee deposits paid	*62,425*		*62,425*		*(30,215)*	*32,210*
Other assets not subject to offsetting	569,486		569,486			569,486
TOTAL ASSETS	**2,424,977**	**(190,492)**	**2,234,485**	**(244,948)**	**(276,229)**	**1,713,308**

In millions of euros, at 30 June 2018 IFRS 9 & IFRS 15	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	95,521		95,521			95,521
Deposits and repurchase agreements	424,709	(94,030)	330,679	(56,329)	(256,036)	18,314
Issued debt securities	56,877		56,877			56,877
Derivative financial instruments (including derivatives used for hedging purposes)	343,489	(96,019)	247,470	(184,740)	(30,883)	31,847
Financial liabilities at amortised cost	881,866	(443)	881,423	(3,879)	(17,634)	859,910
of which repurchase agreements	*22,774*		*22,774*	*(3,879)*	*(17,634)*	*1,261*
Accrued expense and other liabilities	88,037		88,037		(26,155)	61,882
of which guarantee deposits received	*43,933*		*43,933*		*(26,155)*	*17,778*
Other liabilities not subject to offsetting	430,233		430,233			430,233
TOTAL LIABILITIES	**2,320,732**	**(190,492)**	**2,130,240**	**(244,948)**	**(330,708)**	**1,554,584**

In millions of euros, at 1 January 2018 IFRS 9 & IFRS 15	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	130,326		130,326			130,326
Loans and repurchase agreements	276,134	(131,186)	144,948	(29,448)	(107,725)	7,775
Derivative financial instruments (including derivatives used for hedging purposes)	332,931	(89,314)	243,617	(177,227)	(27,164)	39,226
Financial assets at amortised cost	821,819	(861)	820,958	(492)	(1,818)	818,648
of which repurchase agreements	*2,330*		*2,330*	*(492)*	*(1,818)*	*20*
Accrued income and other assets	93,080	(119)	92,961		(31,947)	61,014
of which guarantee deposits paid	*56,452*		*56,452*		*(31,947)*	*24,505*
Other assets not subject to offsetting	516,968		516,968			516,968
TOTAL ASSETS	**2,171,258**	**(221,480)**	**1,949,778**	**(207,167)**	**(168,654)**	**1,573,957**

In millions of euros, at 1 January 2018 IFRS 9 & IFRS 15	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	67,087		67,087			67,087
Deposits and repurchase agreements	305,831	(131,186)	174,645	(28,875)	(133,009)	12,761
Issued debt securities	50,490		50,490			50,490
Derivative financial instruments (including derivatives used for hedging purposes)	332,640	(89,314)	243,326	(177,227)	(34,126)	31,973
Financial liabilities at amortised cost	838,305	(861)	837,444	(1,065)	(4,954)	831,425
of which repurchase agreements	*6,182*		*6,182*	*(1,065)*	*(4,954)*	*163*
Accrued expense and other liabilities	80,591	(119)	80,472		(24,287)	56,185
of which guarantee deposits received	*38,918*		*38,918*		*(24,287)*	*14,631*
Other liabilities not subject to offsetting	391,762		391,762			391,762
TOTAL LIABILITIES	**2,066,706**	**(221,480)**	**1,845,226**	**(207,167)**	**(196,376)**	**1,441,683**

6. FINANCING AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	30 June 2018 IFRS 9 & IFRS 15	1 January 2018 IFRS 9 & IFRS 15
Financing commitments given		
- to credit institutions	**1,980**	**2,153**
- to customers	**297,898**	**283,948**
Confirmed financing commitments	224,989	221,268
Other commitments given to customers	72,909	62,680
Total financing commitments given	**299,878**	**286,101**
of which stage 1	*287,983*	*271,773*
of which stage 2	*10,325*	*12,684*
of which stage 3	*828*	*909*
of which insurance activities	*742*	*735*
Financing commitments received		
- from credit institutions	**76,255**	**70,360**
- from customers	**5,814**	**3,208**
Total financing commitments received	**82,069**	**73,568**

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	30 June 2018 IFRS 9 & IFRS 15	1 January 2018 IFRS 9 & IFRS 15
Guarantee commitments given		
- to credit institutions	**30,013**	**33,114**
- to customers	**108,831**	**109,529**
Property guarantees	1,807	1,968
Sureties provided to tax and other authorities, other sureties	51,213	52,088
Other guarantees	55,811	55,473
Total guarantee commitments given	**138,844**	**142,643**
of which stage 1	*132,325*	*135,290*
of which stage 2	*5,459*	*6,385*
of which stage 3	*1,060*	*968*

7. ADDITIONAL INFORMATION

7.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 30 June 2018, the share capital of BNP Paribas SA amounted to EUR 2,499,597,122, and was divided into 1,249,798,561 shares. The nominal value of each share is EUR 2. At 31 December 2017, the share capital amounted to EUR 2,497,718,772 euros and was divided into 1,248,859,386 shares.

- **Ordinary shares issued by BNP Paribas and held by the Group**

	Proprietary transactions		Trading transactions [1]		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 31 December 2016	**785,318**	**41**	**114,718**	**7**	**900,036**	**48**
Acquisitions	178,381	11			178,381	11
Disposals	(173,381)	(10)			(173,381)	(10)
Shares delivered to employees	(576)				(576)	
Other movements			586,558	37	586,558	37
Shares held at 30 June 2017	**789,742**	**42**	**701,276**	**44**	**1,491,018**	**86**
Acquisitions	142,413	9			142,413	9
Disposals	(124,413)	(8)			(124,413)	(8)
Capital decrease						
Other movements			(859,453)	(54)	(859,453)	(54)
Shares held at 31 December 2017	**807,742**	**43**	**(158,177)**	**(10)**	**649,565**	**33**
Acquisitions	513,568	31			513,568	31
Disposals	(473,257)	(30)			(473,257)	(30)
Shares delivered to employees	(791)				(791)	
Other movements			621,446	34	621,446	34
Shares held at 30 June 2018	**847,262**	**44**	**463,269**	**24**	**1,310,531**	**68**

[1] Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 30 June 2018, the BNP Paribas Group was a holder of 1,310,531 BNP Paribas shares representing an amount of EUR 68 million, which was recognised as a decrease in equity.

Under the Bank's market-making agreement relating to the BNP Paribas share on the Italian market made with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, the Bank bought back 513,568 shares in 2018 at an average share price of EUR 60.74, and sold 473,257 shares at an average share price of EUR 61.12. On 25 June 2018, BNP Paribas and Exane BNP Paribas terminated this market-making agreement. At that date, the portfolio was composed of 120,811 shares, worth EUR 7 million, which were sold in July 2018.

From 1 January 2018 to 30 June 2018, 791 shares were delivered following the definitive award of performance shares to their beneficiaries.

- **Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital**

- Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

Issuer	Date of issue	Currency	Amount (in millions of euros)	Rate and term before 1st call date		Rate after 1st call date
Cofinoga Funding II LP	January and May 2004	EUR	80	TEC 10 (1) +1.35%	10 years	TEC 10 (1) + 1.35%
Total at 30 June 2018			**73 (2)**			

(1) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(2) Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

- Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate.

On 13 April 2017, BNP Paribas SA redeemed the April 2007 issue for a total amount of EUR 638 million at the first call date. These notes paid a 5.019% fixed-rate coupon.

On 23 October 2017, BNP Paribas SA redeemed the October 2007 issue, for an amount of GBP 200 million, at the first call date. These notes paid a 7.436% fixed-rate coupon.

On 15 November 2017, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 750 million which pay a 5.125% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years. If the notes are not redeemed in 2022, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

- The following table summarises the characteristics of these various issues

Date of issue	Currency	Amount (in millions of currency units)	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
October 2005	EUR	1,000	annual	4.875%	6 years	4.875%
October 2005	USD	400	annual	6.250%	6 years	6.250%
July 2006	EUR	150	annual	5.450%	20 years	3-month Euribor + 1.920%
June 2007	USD	600	quarterly	6.500%	5 years	6.500%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor + 1.290%
June 2008	EUR	500	annual	7.781%	10 years	3-month Euribor + 3.750%
September 2008	EUR	100	annual	7.570%	10 years	3-month Euribor + 3.925%
December 2009	EUR	2	quarterly	3-month Euribor + 3.750%	10 years	3-month Euribor + 4.750%
December 2009	EUR	17	annual	7.028%	10 years	3-month Euribor + 4.750%
December 2009	USD	70	quarterly	USD 3-month Libor + 3.750%	10 years	USD 3-month Libor + 4.750%
December 2009	USD	0.5	annual	7.384%	10 years	USD 3-month Libor + 4.750%
June 2015	EUR	750	semi-annual	6.125%	7 years	EUR 5-year swap + 5.230%
August 2015	USD	1,500	semi-annual	7.375%	10 years	USD 5-year swap + 5.150%
March 2016	USD	1,500	semi-annual	7.625%	5 years	USD 5-year swap + 6.314%
December 2016	USD	750	semi-annual	6.750%	5.25 years	USD 5-year swap +4.916%
November 2017	USD	750	semi-annual	5.125%	5 years	USD 5-year swap +2.838%
Total euro-equivalent historical value at 30 June 2018		**8,167** (1)				

(1) Net of shares held in treasury by Group entities

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, the absence of coupon payment is conditional on the absence of dividend payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents during the previous year. Interest due is payable once dividend payment on BNP Paribas SA ordinary shares resumes.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under "Capital and retained earnings". In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 30 June 2018, the BNP Paribas Group held EUR 20 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

- **Earnings per share**

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	First half 2018	First half 2017
Net profit used to calculate basic and diluted earnings per ordinary share ***(in millions of euros)*** [1]	**3,771**	**4,106**
Weighted average number of ordinary shares outstanding during the year	**1,248,246,055**	**1,245,800,478**
Effect of potentially dilutive ordinary shares	91,427	302,137
- Stock subscription option plan	91,116	300,790
- Performance share attribution plan	311	1,347
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,248,337,482**	**1,246,102,615**
Basic earnings per share (in euros)	**3.02**	**3.30**
Diluted earnings per share (in euros)	**3.02**	**3.30**

[1] The net profit used to calculate basic and diluted earnings per share is the net profit attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange impact recognised directly in shareholders' equity in case of repurchase.

The dividend per share paid in 2018 out of the 2017 net income amounted to EUR 3.02, compared with EUR 2.70 paid in 2017 out of the 2016 net income.

7.b CONTINGENT LIABILITIES : LEGAL PROCEEDINGS AND ARBITRATION

BNP Paribas (the "Bank") is party as a defendant in various claims, disputes and legal proceedings (including investigations by judicial or supervisory authorities) in a number of jurisdictions arising in the ordinary course of its business activities, including inter alia in connection with its activities as market counterparty, lender, employer, investor and taxpayer. While the Bank cannot predict the ultimate outcome of all pending and threatened legal and regulatory proceedings, the Bank reasonably believes that they are either without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss for the Bank.

Like many other financial institutions in the banking, investment, mutual funds and brokerage sectors, the Bank has received or may receive requests for information from supervisory, governmental or self-regulated agencies. The Bank responds to such requests, and cooperates with the relevant authorities/regulators and seeks to address and remedy any issues they may raise.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amount sought to be recovered in these actions approximates USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously. On 22 November 2016, the Bankruptcy Court issued a decision on the ability of the BLMIS Trustee to recover foreign transfers from foreign defendants in these actions. The decision resulted in the dismissals of the majority of the BLMIS Trustee's claims against BNP Paribas entities, which constitute most of the total amount sought to be recovered in these actions. These dismissals are subject to appeal.

Various litigations and investigations are ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholder groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)'s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V. These shareholder groups mainly allege that there has been a breach in financial communication, regarding, inter alia, the disclosure on the exposure to subprime mortgages. On 14 March 2016, Ageas announced that it had entered into a proposed settlement with representatives of certain shareholder groups who held shares between 28 February 2007 and 14 October 2008. On 13 July 2018, the Amsterdam Court of Appeal has declared the Ageas Settlement binding, in accordance with the Dutch Act on Collective Settlement of Mass Claims ("Wet Collectieve Afwikkeling Massaschade" or "WCAM").

BNP Paribas Fortis is one of the releasees under the Ageas Settlement. This means that each eligible shareholder will be deemed to have fully released BNP Paribas Fortis from any and all claims that such shareholder may have against BNP Paribas Fortis in relation to the 2007 and 2008 events as defined in the Ageas Settlement. Eligible shareholders have the right to opt-out from the Ageas Settlement during a period of 5 months ending on 31 December 2018.

Litigation was also brought in Belgium by minority shareholders of Fortis against the Société fédérale de Participations et d'Investissement, Ageas and BNP Paribas seeking (amongst other things) damages from BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void. On 29 April 2016 the Brussels Commercial court decided to stay the proceedings until the resolution of the pending Fortis criminal proceeding in Belgium. BNP Paribas does not have tangible elements to assess the duration of such suspension.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets, including, among other things, possible collusion among financial institutions to manipulate certain benchmark currency exchange rates. The Bank has been cooperating with the investigations and inquiries and has responded to the information requests. Regarding the United States, on 24 May 2017, the New York Department of Financial Services ("DFS") announced that it had fined the Bank USD 350 million as part of a consent order for violations of New York banking law arising out of the Bank's global foreign exchange business. On 17 July 2017 the Board of Governors of the Federal Reserve System ("FED") announced that it had fined the Bank and certain of its US subsidiaries USD 246 million as part of a consent order for unsafe and unsound practices in the foreign exchange market. Under these respective consent orders, the Bank has also agreed to improve its internal policies and controls relating to its foreign exchange business and certain Designated Market Authorities. The Bank has cooperated with the DFS and the FED in resolving this matter and took remedial actions both before and after these authorities had begun their respective investigations into the Bank's FX trading business to address the issues arising from its FX trading business. Finally, on 25 January 2018, BNP Paribas USA Inc. accepted to plead guilty in front of the Federal trial Court in Manhattan to a single violation of the Sherman Antitrust Act. As part of this plea, BNP Paribas USA Inc. agreed to pay a criminal fine of USD 90 million, to strengthen (alongside certain related entities) its compliance and internal controls as required by the FED and the DFS, and to cooperate with the Department of Justice's ("DOJ" - Antitrust Division) ongoing criminal investigation into the FX market and to report relevant information to the DOJ. No probation has been imposed on BNP Paribas USA Inc., in light of, among other factors, the Bank's substantial efforts relating to compliance and remediation to address and prevent the re-occurrence through its compliance and remediation program of the issues arising from its FX trading business.

The US judicial and supervisory authorities are currently investigating or requesting information from a number of financial institutions in relation to certain activities as reported in the international financial press in relation to the US treasuries market, US Agency bonds or the ISDAFIX index. The Bank which has received some requests for information is cooperating with investigations and is responding to requests for information. The outcome and potential impact of these investigations or requests for information is difficult to predict before their close and the subsequent discussions with the US authorities. It should be noted that a number of financial institutions are involved in these investigations or requests for information and that reviews carried out in connection therewith have often led to settlements including in particular the payment of fines or significant penalties depending on the circumstances specific to each financial institution.

7.c BUSINESS COMBINATIONS

- **Operations realised in 2018**

No significant business combination occurred during the first half of 2018.

- **Operations realised in 2017**

No significant business combination occurred during the first half of 2017.

7.d MINORITY INTERESTS

In millions of euros	Capital and retained earnings	Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	Minority interests
Capital and retained earnings at 31 December 2016	**4,460**	**-**	**95**	**4,555**
Appropriation of net income for 2016	(117)			(117)
Share-based payment plans	1			1
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders	(1)			(1)
Acquisitions of additional interests or partial sales of interests (note 7.d)	591			591
Change in commitments to repurchase minority shareholders' interests	(6)			(6)
Other movements	(1)			(1)
Changes in assets and liabilities recognised directly in equity	-		(124)	(124)
Net income for first half of 2017	**230**			**230**
Interim dividend payments	(21)			(21)
Capital and retained earnings at 30 June 2017	**5,135**	**-**	**(29)**	**5,106**
Appropriation of net income for 2016	(14)			(14)
Share-based payment plans	1			1
Remuneration on preferred shares	(1)			(1)
Movements in consolidation scope impacting minority shareholders	493			493
Acquisitions of additional interests or partial sales of interests (note 7.d)	(476)		(11)	(487)
Change in commitments to repurchase minority shareholders' interests	(2)			(2)
Other movements	24			24
Changes in assets and liabilities recognised directly in equity	(6)		(86)	(92)
Net income for first half of 2017	**218**			**218**
Interim dividend payments	(20)			(20)
Capital and retained earnings at 31 December 2017	**5,352**	**-**	**(126)**	**5,226**
Revised presentation (note 2.a)	30	(30)	-	-
Capital and retained earnings at 31 December 2017 revised presentation	**5,382**	**(30)**	**(126)**	**5,226**
IFRS 9 implementation impacts (note 2.b)	(67)	3	(36)	(100)
Capital and retained earnings at 1 January 2018	**5,315**	**(27)**	**(162)**	**5,126**
Appropriation of net income for 2017	(151)			(151)
Increases in capital and issues	4			4
Share-based payment plans	2			2
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders	(6)			(6)
Movements in consolidation scope impacting minority shareholders	19			19
Acquisitions of additional interests or partial sales of interests (note 7.d)	323	(9)	(10)	304
Change in commitments to repurchase minority shareholders' interests	(27)			(27)
Other movements	1			1
Changes in assets and liabilities recognised directly in equity	-	20	(5)	15
Net income for first half of 2018	**273**			**273**
Interim dividend payments	(25)			(25)
Capital and retained earnings at 30 June 2018	**5,727**	**(16)**	**(177)**	**5,534**

- **Main minority interests**

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

In millions of euros	30 June 2018	First half 2018						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas group	81,507	758	219	206	34%	66	71	76
Other minority interests						207	217	101
TOTAL						273	288	177

In millions of euros	1 January 2018	First half 2017						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas group	75,973	747	274	226	34%	87	69	92
Other minority interests						143	37	47
TOTAL						230	106	139

- **Internal restructuring that led to a change in minority shareholders' interest in the equity of subsidiaries**

No significant internal restructuring operation occurred during the first half of 2018, nor during the first half of 2017.

- **Commitments to repurchase minority shareholders' interests**

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.
The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 479 million at 30 June 2018, compared with EUR 522 million at 1 January 2018.

- **Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries**

In millions of euros	First half 2018		First half 2017	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Cardif Life Insurance Japan				
Sale of 25% of the shares of Cardif Life Insurance Japan in the framework of entities restructuring in Japan	17	76		
Cardif IARD				
Dilutive capital increase, which reduced the Group's interest to 66%	28	22		
Austin Finance				
Accretive capital decrease, bringing the Group's share to 100%		(82)		
First Hawaiian Inc.				
On 6 February 2017, second offer on First Hawaiian Inc. for 20.6% of its capital at a 32-dollar price per share.			244	588
On 8 May 2018, third offer on First Hawaiian Inc. for 12.1% of its capital, at a 28.35-dollar price per share, and a capital decrease of 1.1%.	85	315		
Other	(3)	(8)	(2)	3
Total	**127**	**323**	**242**	**591**

On 8 May 2018, the Group sold 12.1% of the shares of First Hawaiian Inc. (FHI) on the American market, thus reducing the Group's share to 48.8%, concurrently to the buyback and cancellation of 1.1% of shares. This operation resulted in a EUR 85 million increase of the Group's retained earnings and a EUR 315 million increase in the retained earnings attributable to minority interests.

This was the third offer after the Initial Public Offer of 17.4% of shares and the second offer on 20.6% of shares that were respectively realised in August 2016 and February 2017.

The Group continues to control FHI and to fully consolidate it in its accounts. However, the loss of control within one year is deemed highly probable, therefore the Group applies IFRS 5 "Non-current assets held for sale and discontinued operations".

The IFRS 5 implementation has the following impacts:

- The split of the BancWest homogeneous group of businesses, and thus the breakdown of the business goodwill (EUR 4.3 billion) between Bank of the West (BoW) and FHI. This breakdown was based on the recoverable amounts of First Hawaiian Bank and BoW activities, and led to the allocation of a EUR 1.3 billion goodwill to FHI.
- The reclassification of FHI's assets into a separate balance sheet line called "Non-current assets held for sale", which amounts to EUR 18.1 billion and is mainly composed of debt securities for EUR 4.2 billion, loans and advances to customers for EUR 10.8 billion, and the goodwill related to the sold activity for EUR 1.3 billion. FHI's liabilities were also reclassified into a separate line called "Liabilities associated with non-current assets held for sale" which amounts to EUR 15.5 billion and which is mainly composed of deposits from customers.

7.e EVENT AFTER THE REPORTING PERIOD

On 29 July 2018, the Group announced the launch of a new secondary offering related to 20 million common shares of First Hawaiian Inc (FHI). In addition to the secondary offering, FHI will purchase a total amount of USD 50 million of its own shares from its parent company.

Following the secondary offering and the share buyback, the Group will hold approximately 33% of FHI's common stock (or approximately 31% if the underwriters exercise the option to purchase additional shares in full).

The level of the Group's stake and the concurrent reduction of its representation on the FHI's board of directors will lead to a loss of control of FHI by the Group. As a result, as of third quarter 2018, the Group will consolidate FHI under the equity method in its financial statements.

These operations have no impact on the financial statements as at 30 June 2018.

7.f FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as at 30 June 2018. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern;
- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- The fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

In millions of euros 30 June 2018	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers[1]		87,106	663,730	750,836	739,375
Debt securities at amortised cost (note 5.d)	53,126	17,427	912	71,465	71,432
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		881,732		881,732	881,423
Debt securities (note 5.f)	52,842	110,823		163,665	162,489
Subordinated debt (note 5.f)	11,036	5,688		16,724	16,553

[1] Finance leases excluded

In millions of euros, at 1 January 2018	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers[1]		82,054	652,520	734,574	722,365
Debt securities at amortised cost (note 5.d)	51,649	16,573	1,903	70,125	69,426
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		837,843		837,843	837,444
Debt securities (note 5.f)	49,530	100,495		150,025	148,156
Subordinated debt (note 5.f)	8,891	7,767		16,658	15,951

[1] Finance leases excluded

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, “Summary of significant accounting policies applied by the BNP Paribas Group”. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.e.10). In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

7.g SCOPE OF CONSOLIDATION

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNP Paribas SA	France								
BNPP SA (Argentina branch)	Argentina	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Australia branch)	Australia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Austria branch)	Austria	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Bahrain branch)	Bahrain	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Belgium branch)	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Bulgaria branch)	Bulgaria	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Canada branch)	Canada	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Cayman Islands branch)	Cayman Islands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Czech Republic branch)	Czech Republic	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Denmark branch)	Denmark	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Finland branch)	Finland	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Germany branch)	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Hong Kong branch)	Hong Kong	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Hungary branch)	Hungary	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (India branch)	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Ireland branch)	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Italy branch)	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Japan branch)	Japan	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Jersey branch)	Jersey	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Republic of Korea branch)	Rep. of Korea	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Kuwait branch)	Kuwait	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Luxembourg branch)	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Malaysia branch)	Malaysia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Monaco branch)	Monaco	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Netherlands branch)	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Norway branch)	Norway	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Panama branch)	Panama	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Philippines branch)	Philippines	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Poland branch)	Poland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Portugal branch)	Portugal	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Qatar branch)	Qatar	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Romania branch)	Romania	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Saudi Arabia branch)	Saudi Arabia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Singapore branch)	Singapore	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (South Africa branch)	South Africa	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Spain branch)	Spain	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Sweden branch)	Sweden	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
BNPP SA (Taiwan branch)	Taiwan	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Thailand branch)	Thailand	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (United Arab Emirates branch)	United Arab Emirates	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (United Kingdom branch)	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (United States branch)	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP SA (Viet Nam branch)	Viet Nam	Full	100,0%	100,0%		Full	100,0%	100,0%	
Retail Banking & Services									
Domestic Markets									
Retail Banking - France									
B*Capital	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Banque de Wallis et Futuna	France	Full (1)	51,0%	51,0%		Full (1)	51,0%	51,0%	
BNPP Antilles Guyane	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Développement	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Factor	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Factor (Spain branch)	Spain	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Factor Sociedade Financeira de Credito SA	Portugal	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Nouvelle Calédonie	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Réunion	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Compagnie pour le Financement des Loisirs	France	Equity	46,0%	46,0%	V4	Equity	46,0%	45,8%	E1
Copartis	France	Equity (3)	50,0%	50,0%		Equity	50,0%	50,0%	E1
Euro Securities Partners	France	Equity (3)	50,0%	50,0%	E1				
Portzamparc Société de Bourse	France	Full (1)	94,9%	94,9%	V1	Full (1)	75,5%	75,5%	V1
Protection 24	France	Full	100,0%	100,0%	E1				
Société Lairoise de Participations	France	Full	100,0%	100,0%	E1				
Retail Banking - Belgium									
Alpha Card SCRL	Belgium								S2
Bancontact Payconiq	Belgium	Equity	22,5%	22,5%	E1				
Banking Funding Company SA	Belgium	Equity	33,5%	33,5%		Equity	33,5%	33,5%	E1
Belgian Mobile ID	Belgium	Equity	15,0%	15,0%	E3				
BNPP Commercial Finance Ltd	UK	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Factor AB	Sweden	Full	100,0%	99,9%	E1				
BNPP Factor AS	Denmark	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
BNPP Factor Deutschland BV	Netherlands				S4	Full	100,0%	99,9%	
BNPP Factor GmbH	Germany	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Factor NV	Netherlands	Full	100,0%	99,9%		Full	100,0%	99,9%	E1
BNPP Factoring Support (Ex- BNPP Factoring Coverage Europe Holding NV)	Netherlands	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis	Belgium	Full	99,9%	99,9%		Full	99,9%	99,9%	
BNPP Fortis (Austria branch)	Austria								S1
BNPP Fortis (Czech Republic branch)	Czech Republic	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis (Denmark branch)	Denmark	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis (Finland branch)	Finland								S1
BNPP Fortis (Netherlands branch)	Netherlands								S1
BNPP Fortis (Norway branch)	Norway								S1
BNPP Fortis (Romania branch)	Romania	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis (Spain branch)	Spain	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis (Sweden branch)	Sweden								S1
BNPP Fortis (United States branch)	USA	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis Factor NV	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fortis Film Finance	Belgium	Full	99,0%	98,9%	E1				
BNPP Fortis Funding SA	Luxembourg	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP FPE Belgium	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP FPE Expansion	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP FPE Management	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Bpost Banque	Belgium	Equity (3)	50,0%	50,0%		Equity (3)	50,0%	50,0%	
Credissimo	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	E1
Credissimo Hainaut SA	Belgium	Full	99,7%	99,7%		Full	99,7%	99,7%	E1
Crédit pour Habitations Sociales	Belgium	Full	81,7%	81,6%		Full	81,7%	81,6%	E1
Demetris NV	Belgium				S3	Equity *	100,0%	99,9%	
Epimede	Belgium	Equity	20,0%	20,0%	E1				
Favor Finance	Belgium	Full	51,0%	51,0%		Full	51,0%	51,0%	E1
Het Anker NV	Belgium	FV	27,8%	27,8%	E1				
Holding PCS	Belgium	FV	31,7%	31,7%	E1				
Immo Beaulieu	Belgium	Equity	25,0%	25,0%	E1				
Immobilière Sauveniere SA	Belgium	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Isabel SA NV	Belgium	Equity	25,3%	25,3%	E1				
Microstart	Belgium	Full	85,5%	66,2%	E1				
Novy Invest	Belgium	FV	33,7%	33,7%	D1	Equity	33,7%	33,7%	E1
Omega Invest	Belgium	FV	28,4%	28,3%	E1				
Penne International	Belgium	Equity *	74,9%	74,9%		Equity *	74,9%	74,9%	E1
Sowo Invest SA NV	Belgium	Full	87,5%	87,5%	E1				
Studio 100	Belgium	FV	32,5%	32,5%	D1	Equity	32,5%	32,5%	E1
Structured Entities									
BASS Master Issuer NV	Belgium	Full	-	-		Full	-	-	
Esmee Master Issuer	Belgium	Full	-	-		Full	-	-	
Gemma Frisius Fonds KU Leuven	Belgium	FV	-	-	E1				
Retail Banking - Luxembourg									
BGL BNPP	Luxembourg	Full	66,0%	65,9%		Full	66,0%	65,9%	
BGL BNPP (Germany branch)	Germany	Full	100,0%	65,9%		Full	100,0%	65,9%	
BNPP Lease Group Luxembourg SA	Luxembourg	Full	100,0%	65,9%		Full	100,0%	65,9%	
Cofhylux SA	Luxembourg	Full	100,0%	65,9%		Full	100,0%	65,9%	
Europay Luxembourg SC	Luxembourg	Equity	30,5%	0,2%	E1				
FS B SARL	Luxembourg	Equity	28,5%	18,8%	E1				
Visalux	Luxembourg	Equity	23,5%	15,5%	E1				
Structured Entities									
Elimmo	Luxembourg	Full	-	-	E1				
Retail Banking - Italy (BNL Banca Commerciale)									
Artigiancassa SPA	Italy	Full	73,9%	73,9%		Full	73,9%	73,9%	
Banca Nazionale Del Lavoro SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNL Finance SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNL Positivity SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
Business Partner Italia SCPA	Italy	Full	99,9%	99,8%		Full	99,9%	99,8%	
International Factors Italia SPA	Italy	Full	99,7%	99,7%		Full	99,7%	99,7%	
Permicro SPA	Italy	Equity	20,4%	20,4%	E1				
Serfactoring SPA	Italy	Equity	27,0%	26,9%	E1				
Servizio Italia SPA	Italy	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
Sviluppo HQ Tiburtina SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
Structured Entities									
EMF IT 2008 1 SRL	Italy	Full	-	-		Full	-	-	
Tierre Securitisation SRL	Italy	Full	-	-		Full	-	-	
Vela ABS SRL	Italy	Full	-	-		Full	-	-	
Vela Consumer 2 SRL	Italy	Full	-	-		Full	-	-	E2
Vela Consumer SRL	Italy	Full	-	-		Full	-	-	
Vela Home SRL	Italy	Full	-	-		Full	-	-	
Vela Mortgages SRL	Italy	Full	-	-		Full	-	-	
Vela OBG SRL	Italy	Full	-	-		Full	-	-	
Vela RMBS SRL	Italy	Full	-	-		Full	-	-	
Arval									
Artel	France	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval AB	Sweden	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval AS	Denmark	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval Austria GmbH	Austria	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval Belgium NV SA	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Benelux BV	Netherlands	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Brasil Ltda	Brazil	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval BV	Netherlands	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval CZ SRO	Czech Republic	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Deutschland GmbH	Germany	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Fleet Services	France	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Fleet Services BV	Netherlands								S4
Arval Hellas Car Rental SA	Greece	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval India Private Ltd	India	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval Italy Fleet Services SRL	Italy								S4
Arval Jiutong Co Ltd	China	Equity (3)	40,0%	40,0%		Equity	40,0%	40,0%	
Arval LLC	Russia	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Luxembourg SA	Luxembourg	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval Magyarorszag KFT	Hungary	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval Maroc SA	Morocco	Full	100,0%	89,0%	D1	Equity *	100,0%	89,0%	
Arval OY	Finland	Full	100,0%	99,9%		Full	100,0%	99,9%	D1

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
E1 Passing qualifying thresholds
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds
S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates
FV Investment in associates measured at Fair Value through P&L

Miscellaneous
D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

Name	Country	30 June 2018 Method	30 June 2018 Voting (%)	30 June 2018 Interest (%)	30 June 2018 Ref.	31 December 2017 Method	31 December 2017 Voting (%)	31 December 2017 Interest (%)	31 December 2017 Ref.
Arval Relsa SPA	Chile	Equity (3)	50,0%	50,0%	E1				
Arval Schweiz AG	Switzerland	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval Service Lease	France	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval Service Lease Italia SPA	Italy	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Service Lease Polska SP ZOO	Poland	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Service Lease Romania SRL	Romania	Full	100,0%	99,9%	D1	Equity *	100,0%	99,9%	
Arval Service Lease SA	Spain	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval Slovakia SRO	Slovakia	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval Trading	France	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
Arval UK Group Ltd	UK	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval UK Leasing Services Ltd	UK	Full	100,0%	99,9%		Full	100,0%	99,9%	
Arval UK Ltd	UK	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP Fleet Holdings Ltd	UK	Full	100,0%	99,9%		Full	100,0%	99,9%	
Cetelem Renting	France	Full	100,0%	99,9%	E1				
Cofiparc	France	Full	100,0%	99,9%		Full	100,0%	99,9%	
Greenval Insurance DAC	Ireland	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Locadif	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
Louveo	France	Full	100,0%	99,9%	E1				
Public Location Longue Durée	France	Full	100,0%	99,9%		Full	100,0%	99,9%	D1
TEB Arval Arac Filo Kiralama AS	Turkey	Full	100,0%	75,0%		Full	100,0%	75,0%	
Leasing Solutions									
Albury Asset Rentals Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
All In One Vermietung GmbH	Austria	Full	100,0%	83,0%	E1				
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH	Germany								S3
Aprolis Finance	France	Full	51,0%	42,3%		Full	51,0%	42,3%	
Arius	France	Full	100,0%	83,0%		Full	100,0%	83,0%	
Artegy	France	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Finansal Kiralama AS	Turkey	Full	100,0%	82,5%		Full	100,0%	82,5%	
BNPP Lease Group	France	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
BNPP Lease Group (Germany branch)	Germany	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
BNPP Lease Group (Italy branch)	Italy	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
BNPP Lease Group (Portugal branch)	Portugal	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
BNPP Lease Group (Spain branch)	Spain	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
BNPP Lease Group Belgium	Belgium	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Lease Group GmbH & Co KG	Austria	Full	100,0%	83,0%	E1				
BNPP Lease Group KFT	Hungary								S3
BNPP Lease Group Leasing Solutions SPA	Italy	Full	100,0%	95,5%		Full	100,0%	95,5%	
BNPP Lease Group Lizing RT	Hungary								S3
BNPP Lease Group PLC	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Lease Group Rentals Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Lease Group SP ZOO	Poland	Full	100,0%	83,0%		Full	100,0%	83,0%	D1
BNPP Leasing Services	Poland	Full	100,0%	89,9%	V4	Full	100,0%	88,3%	E1
BNPP Leasing Solutions	Luxembourg	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Leasing Solutions IFN SA	Romania	Full	100,0%	83,0%		Full	100,0%	83,0%	D1
BNPP Leasing Solutions Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Leasing Solutions NV	Netherlands	Full	100,0%	83,0%		Full	100,0%	83,0%	
BNPP Leasing Solutions Suisse SA	Switzerland	Full	100,0%	83,0%	D1	Equity *	100,0%	83,0%	
BNPP Rental Solutions Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	D1
BNPP Rental Solutions SPA	Italy	Full	100,0%	83,0%	D1	Equity *	100,0%	83,0%	
Claas Financial Services	France	Full (1)	51,0%	42,3%		Full (1)	51,0%	42,3%	V2
Claas Financial Services (Germany branch)	Germany	Full (1)	100,0%	42,3%		Full (1)	100,0%	42,3%	V3
Claas Financial Services (Italy branch)	Italy	Full (1)	100,0%	42,3%		Full (1)	100,0%	42,3%	V3
Claas Financial Services (Poland branch)	Poland	Full (1)	100,0%	42,3%		Full (1)	100,0%	42,3%	V3
Claas Financial Services (Spain branch)	Spain	Full (1)	100,0%	42,3%		Full (1)	100,0%	42,3%	V3
Claas Financial Services Ltd	UK	Full	51,0%	42,3%		Full	51,0%	42,3%	
CMV Mediforce	France	Full (1)	100,0%	83,0%	V3	Full (1)	100,0%	100,0%	
CNH Industrial Capital Europe	France	Full (1)	50,1%	41,6%		Full (1)	50,1%	41,6%	
CNH Industrial Capital Europe (Belgium branch)	Belgium	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
CNH Industrial Capital Europe (Germany branch)	Germany	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
CNH Industrial Capital Europe (Italy branch)	Italy	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
CNH Industrial Capital Europe (Poland branch)	Poland	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
CNH Industrial Capital Europe (Spain branch)	Spain	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
CNH Industrial Capital Europe BV	Netherlands	Full	100,0%	41,6%		Full	100,0%	41,6%	
CNH Industrial Capital Europe GmbH	Austria	Full	100,0%	41,6%		Full	100,0%	41,6%	
CNH Industrial Capital Europe Ltd	UK	Full	100,0%	41,6%		Full	100,0%	41,6%	
Commercial Vehicle Finance Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
ES Finance	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
Fortis Lease	France	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
Fortis Lease Belgium	Belgium	Full	100,0%	83,0%		Full	100,0%	83,0%	
Fortis Lease Deutschland GmbH	Germany	Full	100,0%	83,0%		Full	100,0%	83,0%	D1
Fortis Lease Iberia SA	Spain	Full	100,0%	86,6%		Full	100,0%	86,6%	D1
Fortis Lease Portugal	Portugal	Full	100,0%	83,0%		Full	100,0%	83,0%	D1
Fortis Lease UK Ltd	UK	Full	100,0%	83,0%	D1	Equity *	100,0%	83,0%	
Fortis Vastgoedlease BV	Netherlands	Full	100,0%	83,0%	D1	Equity *	100,0%	83,0%	
Heffiq Heftruck Verhuur BV	Netherlands	Full	50,1%	41,5%	E1				
Humberclyde Commercial Investments Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
JCB Finance	France	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
JCB Finance (Germany branch)	Germany	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
JCB Finance (Italy branch)	Italy	Full (1)	100,0%	41,6%		Full (1)	100,0%	41,6%	
JCB Finance Holdings Ltd	UK	Full	50,1%	41,6%		Full	50,1%	41,6%	
Manitou Finance Ltd	UK	Full	51,0%	42,3%		Full	51,0%	42,3%	
MFF	France	Full (1)	51,0%	42,3%		Full (1)	51,0%	42,3%	
Natio Energie 2	France	Full	100,0%	100,0%	E1				
Natiocredibail	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
RD Portofoliu SRL	Romania								S3
Same Deutz Fahr Finance	France	Full (1)	100,0%	83,0%		Full (1)	100,0%	83,0%	
Same Deutz Fahr Finance Ltd	UK	Full	100,0%	83,0%		Full	100,0%	83,0%	
SNC Natiocredimurs	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
UCB Bail 2	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Structured Entities									
BNPP B Institutional II Short Term	Belgium								S3
BNPP B Institutional II Treasury 17	Belgium				S3	Full	-	-	E1
FL Zeebrugge	Belgium	Full	-	-	D1	Equity *	-	-	E1
Folea Grundstucksverwaltungs und Vermietungs Gmbh & Co	Germany	Full	-	-	D1	Equity *	-	-	E1
New Digital Businesses									
Financière des Paiements Electroniques	France	Full	95,0%	95,0%		Full	95,0%	95,0%	E3
Lyf SA	France	Equity (3)	46,0%	46,0%	V1	Equity (3)	43,5%	43,5%	E3
Lyf SAS	France	Equity (3)	45,8%	45,8%	V1	Equity (3)	43,3%	43,3%	E3
Personal Investors									
Geojit Technologies Private Ltd	India	Equity	35,0%	35,0%		Equity	35,0%	35,0%	
Hellobank BNPP Austria AG	Austria								S4
Human Value Developers Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
Sharekhan BNPP Financial Services Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	D1
Sharekhan Commodities Private Ltd	India	Full	100,0%	100,0%	E1				
Sharekhan Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
International Financial Services									
BNP Paribas Personal Finance									
Alpha Crédit SA	Belgium	Full	100,0%	99,9%		Full	100,0%	99,9%	
Autop Ocean Indien	France	Full	100,0%	97,8%	E1				
Axa Banque Financement	France	Equity	35,0%	35,0%		Equity	35,0%	35,0%	
Banco BNPP Personal Finance SA	Portugal	Full	100,0%	100,0%		Full	100,0%	100,0%	
Banco Cetelem Argentina SA	Argentina	Full	100,0%	100,0%		Full	100,0%	100,0%	
Banco Cetelem SA	Brazil	Full	100,0%	100,0%		Full	100,0%	100,0%	
Banco Cetelem SAU	Spain	Full	100,0%	100,0%		Full	100,0%	100,0%	
Banco de Servicios Financieros SA	Argentina	Equity	40,0%	40,0%		Equity	40,0%	40,0%	
Banque Solfea	France	Equity (3)	45,0%	45,0%		Equity (3)	45,0%	45,0%	
BGN Mercantil E Servicos Ltda	Brazil	Full	100,0%	100,0%		Full	100,0%	100,0%	D1
BNPP Personal Finance	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance (Austria branch)	Austria	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance (Bulgaria branch)	Bulgaria	Full	100,0%	100,0%	E2				
BNPP Personal Finance (Czech Republic branch)	Czech Republic	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance (Romania branch)	Romania	Full	100,0%	100,0%	E2				
BNPP Personal Finance (Slovakia branch)	Slovakia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance EAD	Bulgaria				S4	Full	100,0%	100,0%	
BNPP Personal Finance SA de CV	Mexico	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Personal Finance South Africa Ltd	South Africa	Full	100,0%	100,0%		Full	100,0%	100,0%	
Cafineo	France	Full (1)	51,0%	50,8%		Full (1)	51,0%	50,8%	
Carrefour Banque	France	Equity	40,0%	40,0%		Equity	40,0%	40,0%	
Cetelem America Ltda	Brazil	Full	100,0%	100,0%		Full	100,0%	100,0%	
Cetelem Bank LLC	Russia	Equity	20,8%	20,8%		Equity	20,8%	20,8%	
Cetelem Gestion AIE	Spain	Full	100,0%	96,5%	E1				
Cetelem IFN	Romania				S4	Full	100,0%	100,0%	
Cetelem Servicios Informaticos AIE	Spain	Full	100,0%	81,5%	E1				
Cetelem Servicos Ltda	Brazil	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
Cofica Bail	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Cofiplan	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Commerz Finanz	Germany								S4
Creation Consumer Finance Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Creation Financial Services Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Crédit Moderne Antilles Guyane	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Crédit Moderne Océan Indien	France	Full (1)	97,8%	97,8%		Full (1)	97,8%	97,8%	
Direct Services EAD	Bulgaria								S4
Domofinance	France	Full (1)	55,0%	55,0%		Full (1)	55,0%	55,0%	
Effico	France	Equity	24,5%	24,5%		Equity	24,5%	24,5%	V2
Ekspres Bank AS	Denmark	Full	100,0%	100,0%		Full	100,0%	100,0%	
Ekspres Bank AS (Norway branch)	Norway	Full	100,0%	100,0%		Full	100,0%	100,0%	
Eos Aremas Belgium SA NV	Belgium	Equity	50,0%	49,9%		Equity	50,0%	49,9%	
Fidecom	France								S4
Findomestic Banca SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
Findomestic Banka AD	Serbia								S2
GCC Consumo Establecimiento Financiero de Credito SA	Spain	Full	51,0%	51,0%		Full	51,0%	51,0%	D1
Genius Auto Finance Co Ltd	China	Equity (3)	20,0%	20,0%		Equity (3)	20,0%	20,0%	E1
Gesellschaft für Capital & Vermögensverwaltung GmbH	Germany				S3	Equity *	100,0%	99,9%	
Inkasso Kodat GmbH & Co KG	Germany				S3	Equity *	100,0%	99,9%	
International Development Resources AS Services SA	Spain				S3	Equity *	100,0%	100,0%	
Laser ABS 2017 Holding Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	E1
Leval 20	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Loisirs Finance	France	Full (1)	51,0%	51,0%		Full (1)	51,0%	51,0%	
Magyar Cetelem Bank ZRT	Hungary	Full	100,0%	100,0%		Full	100,0%	100,0%	
Neuilly Contentieux	France	Full	96,0%	95,7%	E1				
Norrsken Finance	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Olympia SAS	France	Full	50,0%	50,0%		Full	50,0%	50,0%	E2
Oney Magyarorszag ZRT	Hungary	Equity	40,0%	40,0%		Equity	40,0%	40,0%	
Opel Bank	France	Full	50,0%	50,0%		Full	50,0%	50,0%	E3
Opel Bank GmbH	Germany	Full	100,0%	50,0%		Full	100,0%	50,0%	E3

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
- E1 Passing qualifying thresholds
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
- S1 Cessation of activity (dissolution, liquidation, ...)
- S2 Disposal, loss of control or loss of significant influence
- S3 Passing qualifying thresholds
- S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest
- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates
FV Investment in associates measured at Fair Value through P&L

Miscellaneous
- D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

Name	Country	30 June 2018				31 December 2017			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Opel Bank GmbH (Greece branch)	Greece	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Bank GmbH (Ireland branch)	Ireland	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Finance	Belgium	Full	100,0%	50,0%	D1	Equity *	100,0%	50,0%	E3
Opel Finance AB	Sweden	Full	100,0%	50,0%	D1	Equity *	100,0%	50,0%	E3
Opel Finance Germany Holdings GmbH	Germany	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Finance International BV	Netherlands	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Finance NV	Netherlands	Full	100,0%	50,0%	D1	Equity *	100,0%	50,0%	E3
Opel Finance NV (Belgium branch)	Belgium				S1	Equity *	100,0%	50,0%	E3
Opel Finance SA	Switzerland	Full	100,0%	50,0%	D1	Equity *	100,0%	50,0%	E3
Opel Finance SPA	Italy	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Leasing GmbH	Germany	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Opel Leasing GmbH (Austria branch)	Austria	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
OPVF Europe Holdco Ltd	UK	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
OPVF Holdings UK Ltd	UK	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Prêts et Services SAS	France								S4
Projeo	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
RCS Cards Pty Ltd	South Africa	Full	100,0%	100,0%		Full	100,0%	100,0%	
Retail Mobile Wallet	France								S4
Servicios Financieros Carrefour EFC SA	Spain	Equity	37,3%	40,0%		Equity	37,3%	40,0%	
Sevenday Finans AB	Sweden	Full	100,0%	100,0%		Full	100,0%	100,0%	E3
Sundaram BNPP Home Finance Ltd	India	Equity (3)	49,9%	49,9%		Equity (3)	49,9%	49,9%	
Suning Consumer Finance Co Ltd	China	Equity	15,0%	15,0%		Equity	15,0%	15,0%	
Sygma Funding Two Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Symag	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
TEB Finansman AS	Turkey	Full	100,0%	92,8%		Full	100,0%	92,8%	
UCB Ingatlanhitel ZRT	Hungary	Full	100,0%	100,0%		Full	100,0%	100,0%	
Union de Creditos Inmobiliarios SA	Spain	Equity (3)	50,0%	50,0%		Equity (3)	50,0%	50,0%	
United Partnership	France	Equity	50,0%	50,0%	E1				
Vauxhall Finance PLC	UK	Full	100,0%	50,0%		Full	100,0%	50,0%	E3
Von Essen Bank GmbH	Germany	Full	100,0%	99,9%		Full	100,0%	99,9%	
Structured Entities									
B Carat	Belgium	Full	-	-	D1	Equity *	-	-	E3
Cartolarizzazione Auto Receivable's SRL	Italy	Full	-	-		Full	-	-	E3
Cofinoga Funding Two LP	UK	Full	-	-		Full	-	-	
Ecarat SA	Luxembourg	Full	-	-		Full	-	-	E3
Ecarat UK (a)	UK	Full	-	-		Full	-	-	
FCC Retail ABS Finance Noria 2009	France								S1
FCT F Carat	France	Full	-	-		Full	-	-	E3
Florence 1 SRL	Italy				S1	Full	-	-	
Florence SPV SRL	Italy	Full	-	-		Full	-	-	
I Carat SRL	Italy	Full	-	-		Full	-	-	E3
Laser ABS 2017 PLC	UK	Full	-	-		Full	-	-	E1
Noria 2015	France								S1
Noria 2018-1	France	Full	-	-	E2				
Phedina Hypotheken 2010 BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2013 I BV	Netherlands	Full	-	-		Full	-	-	
Securely Transferred Auto Receivables II SA	Luxembourg	Full	-	-		Full	-	-	E3
Securitisation funds Autonoria (c)	France	Full	-	-		Full	-	-	
Securitisation funds Domos (d)	France	Full	-	-		Full	-	-	
Securitisation funds UCI and Prado (b)	Spain	Equity (3)	-	-		Equity (3)	-	-	
Vault Funding Ltd	UK	Full	-	-		Full	-	-	E3
Warf 2012 Ltd	UK	Full	-	-		Full	-	-	E3
International Retail Banking - BancWest									
1897 Services Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BancWest Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BancWest Holding Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BancWest Investment Services Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Bank of the West	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Bishop Street Capital Management Corp	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
BNPP Leasing Solutions Canada Inc	Canada	Full	100,0%	100,0%	E1				
Center Club Inc	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
CFB Community Development Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Claas Financial Services LLC	USA	Full	51,0%	51,0%		Full	51,0%	51,0%	
Commercial Federal Affordable Housing Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Commercial Federal Community Development Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Commercial Federal Insurance Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Commercial Federal Investment Service Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
FHB Guam Trust Co	USA								S1
FHL SPC One Inc	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
First Bancorp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
First Hawaiian Bank	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
First Hawaiian Inc	USA	Full	48,8%	48,8%	V2	Full	61,9%	61,9%	V2
First Hawaiian Leasing Inc	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
First National Bancorporation	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
First Santa Clara Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Glendale Corporate Center Acquisition LLC	USA				S2	Full	-	-	
LACMTA Rail Statutory Trust FH1	USA	Full	-	-		Full	-	-	
Liberty Leasing Co	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Mountain Falls Acquisition Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Real Estate Delivery 2 Inc	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
Riverwalk Village Three Holdings LLC	USA								S1
Santa Rita Townhomes Acquisition LLC	USA								S1
The Bankers Club Inc	USA	Full	100,0%	48,8%	V3	Full	100,0%	61,9%	V3
Ursus Real Estate Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
VTA 1998 FH	USA				S1	Full	-	-	
Structured Entities									
Bank of the West Auto Trust 2014-1	USA				S1	Full	-	-	
Bank of the West Auto Trust 2015-1	USA	Full	-	-		Full	-	-	
Bank of the West Auto Trust 2017-1	USA				S2	Full	-	-	
Bank of the West Auto Trust 2018-1 (Ex- Bank of the West Auto Trust 2016-2)	USA	Full	-	-		Full	-	-	
Bank of the West Auto Trust 2018-2	USA	Full	-	-	E2				
BOW Auto Receivables LLC	USA	Full	-	-		Full	-	-	
ST 2001 FH 1 Statutory Trust	USA	Full	-	-		Full	-	-	
International Retail Banking - Europe-Mediterranean									
Bank BGZ BNPP SA	Poland	Full	89,9%	89,9%	V4	Full	88,3%	88,3%	
Bank of Nanjing	China	Equity	15,0%	15,0%	V2	Equity	18,2%	18,2%	V2
Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire	Ivory Coast	Full	59,8%	59,8%		Full	59,8%	59,8%	
Banque Internationale pour le Commerce et l'Industrie de la Guinée	Guinea	Full	55,6%	55,6%		Full	55,6%	55,6%	
Banque Internationale pour le Commerce et l'Industrie du Burkina Faso	Burkina Faso	Full	51,0%	51,0%		Full	51,0%	51,0%	
Banque Internationale pour le Commerce et l'Industrie du Gabon	Gabon	Equity	47,0%	47,0%		Equity	47,0%	47,0%	
Banque Internationale pour le Commerce et l'Industrie du Mali	Mali	Full	85,0%	85,0%		Full	85,0%	85,0%	
Banque Internationale pour le Commerce et l'Industrie du Sénégal	Senegal	Full	54,1%	54,1%		Full	54,1%	54,1%	
Banque Marocaine pour le Commerce et l'Industrie	Morocco	Full	67,0%	67,0%		Full	67,0%	67,0%	
Banque Marocaine pour le Commerce et l'Industrie Banque Offshore	Morocco	Full	100,0%	67,0%		Full	100,0%	67,0%	
Banque pour l'Industrie et le Commerce des Comores	Comoros	Full	51,0%	51,0%	E1				
Bantas Nakit AS	Turkey	Equity (3)	33,3%	16,7%	E1				
BGZ BNPP Faktoring Spolka ZOO	Poland	Full	100,0%	100,0%		Full	100,0%	100,0%	E1
BICI Bourse	Ivory Coast	Full	90,0%	53,5%	D1	Equity *	90,0%	53,5%	
BMCI Asset Management	Morocco								S3
BMCI Assurance SARL	Morocco								S3
BMCI Leasing	Morocco	Full	86,9%	58,2%		Full	86,9%	58,2%	
BNPP El Djazair	Algeria	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Fortis Yatirimlar Holding AS	Turkey	Full	100,0%	99,9%		Full	100,0%	99,9%	
BNPP IRB Participations	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Yatirimlar Holding AS	Turkey	Full	100,0%	100,0%		Full	100,0%	100,0%	
IC Axa Insurance JSC	Ukraine	Equity (3)	49,8%	29,9%		Equity	49,8%	29,9%	
TEB Faktoring AS	Turkey	Full	100,0%	72,5%		Full	100,0%	72,5%	
TEB Holding AS	Turkey	Full	50,0%	50,0%		Full	50,0%	50,0%	
TEB Portfoy Yonetimi AS	Turkey	Full	100,0%	72,5%		Full	100,0%	72,5%	
TEB SH A	Serbia	Full	100,0%	50,0%		Full	100,0%	50,0%	
TEB Yatirim Menkul Degerler AS	Turkey	Full	100,0%	72,5%		Full	100,0%	72,5%	
Turk Ekonomi Bankasi AS	Turkey	Full	100,0%	72,5%		Full	100,0%	72,5%	
UkrSibbank Public JSC	Ukraine	Full	60,0%	60,0%		Full	60,0%	60,0%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50,1%	50,1%		Full	50,1%	50,1%	
Structured Entities									
BGZ Poland ABS1 DAC	Ireland	Full	-	-		Full	-	-	E1
Insurance									
AG Insurance	Belgium	Equity	25,0%	25,0%		Equity	25,0%	25,0%	
Agathe Retail France	France	FV	33,3%	33,3%	E1				
BNPP Cardif	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif BV	Netherlands	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Compania de Seguros y Reaseguros SA	Peru	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	E1
BNPP Cardif Emeklilik AS	Turkey	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif General Insurance Co Ltd	Rep. of Korea	Equity *	90,0%	90,0%		Equity *	90,0%	90,0%	V1
BNPP Cardif Hayat Sigorta AS	Turkey	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	E1
BNPP Cardif Levensverzekeringen NV	Netherlands	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Pojistovna AS	Czech Republic	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Schadeverzekeringen NV	Netherlands	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Seguros de Vida SA	Chile	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Seguros Generales SA	Chile	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BNPP Cardif Servicios y Asistencia Ltda	Chile	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
BNPP Cardif Sigorta AS	Turkey	Equity *	100,0%	100,0%	E1				
BNPP Cardif TCB Life Insurance Co Ltd	Taiwan	Equity	49,0%	49,0%		Equity	49,0%	49,0%	
BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Italy	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
BOB Cardif Life Insurance Co Ltd	China	Equity (3)	50,0%	50,0%		Equity	50,0%	50,0%	
Cardif Assurance Vie	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Austria branch)	Austria	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Belgium branch)	Belgium	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Germany branch)	Germany	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Italy branch)	Italy	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Japan branch)	Japan	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Portugal branch)	Portugal	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Romania branch)	Romania	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Spain branch)	Spain	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Switzerland branch)	Switzerland	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurance Vie (Taiwan branch)	Taiwan	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Austria branch)	Austria	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	

(a) At June 30, 2018, the securitisation fund Ecarat UK includes 6 funds (Ecarat PLC 4 to 9), versus 5 funds (Ecarat PLC 4 to 8) at December 31, 2017
(b) At June 30, 2018, the securitisation funds UCI and Prado include 13 funds (FCC UCI 9 to 12, 14 to 17 and RMBS Prado I to V), versus 14 fonds at December 31, 2017 (FCC UCI 9 to 12, 14 to 18 and RMBS Prado I to V)
(c) At June 30, 2018 and at December 31, 2017, the securitisation fund Autonoria includes 1 silo (Autonoria 2014)
(d) At june 30, 2018, the fund Domos comprise these funds : Domos 2008, Domos 2011 (including 1 compartment B) and Domos 2017, versus Domos 2017, 2008 and Domos 2011 (including 2 compartments A et B) at December 31, 2017

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
- E1 Passing qualifying thresholds
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
- S1 Cessation of activity (dissolution, liquidation, ...)
- S2 Disposal, loss of control or loss of significant influence
- S3 Passing qualifying thresholds
- S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest
- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

- Equity * Controlled but non material entities consolidated under the equity method as associates
- FV Investment in associates measured at Fair Value through P&L

Miscellaneous
- D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Germany branch)	Germany	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Italy branch)	Italy	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Japan branch)	Japan	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Luxembourg branch)	Luxembourg	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Poland branch)	Poland	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Romania branch)	Romania	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Spain branch)	Spain	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Biztosito Magyarorszag ZRT	Hungary	Equity *	100,0%	100,0%	E1				
Cardif Colombia Seguros Generales SA	Colombia	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Courtage (Ex- Cardif I Services)	France								S3
Cardif do Brasil Seguros e Garantias SA	Brazil	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif do Brasil Vida e Previdencia SA	Brazil	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif El Djazair	Algeria	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Forsakring AB	Sweden	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Forsakring AB (Denmark branch)	Denmark	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Forsakring AB (Norway branch)	Norway	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif IARD	France	Full (2)	66,0%	66,0%	V3/D1	Equity *	83,3%	83,3%	E1
Cardif Insurance Co LLC	Russia	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Life Insurance Co Ltd	Rep. of Korea	Full (2)	85,0%	85,0%		Full (2)	85,0%	85,0%	
Cardif Life Insurance Japan	Japan	Full (2)	75,0%	75,0%	E1				
Cardif Livforsakring AB	Sweden	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Livforsakring AB (Denmark branch)	Denmark	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Livforsakring AB (Norway branch)	Norway	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Ltda	Brazil	Equity *	100,0%	100,0%	E1				
Cardif Lux Vie	Luxembourg	Full (2)	66,7%	55,3%		Full (2)	66,7%	55,3%	
Cardif Mexico Seguros de Vida SA de CV	Mexico	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Mexico Seguros Generales SA de CV	Mexico	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Non Life Insurance Japan	Japan	Full (2)	100,0%	75,0%	E1				
Cardif Nordic AB	Sweden	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Osiguranje Dionicko Drustvo ZA	Croatia								S2
Cardif Pinnacle Insurance Holdings PLC	UK	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Pinnacle Insurance Management Services PLC	UK	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Polska Towarzystwo Ubezpieczen Na Zycie SA	Poland	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Cardif Seguros SA	Argentina	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cardif Servicios SA	Argentina	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	E1
Cardif Servicios SAC	Peru	Equity *	100,0%	100,0%	E1				
Cardimmo	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cargeas Assicurazioni SPA	Italy	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	V1
Carma Grand Horizon SARL	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
CB UK Ltd	UK	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
CFH Algonquin Management Partners France Italia	Italy	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Bercy	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Bercy Hotel	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Bercy Intermédiaire	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Boulogne	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Cap d'Ail	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Milan Holdco SRL	Italy	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Montmartre	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
CFH Montparnasse	France	Full (2)	100,0%	98,4%	V3	Full (2)	100,0%	98,6%	E1
Corosa	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
Darnell DAC	Ireland	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Défense CB3 SAS	France	FV	25,0%	25,0%	E1				
Fleur SAS	France	FV	33,3%	33,3%	E1				
Fonds d'Investissements Immobiliers pour le Commerce et la Distribution	France	FV	25,0%	25,0%	E1				
GIE BNPP Cardif	France	Full (2)	100,0%	100,0%	V4	Full (2)	100,0%	99,0%	
Harewood Helena 2 Ltd	UK	Full (2)	100,0%	100,0%	E1				
Hibernia France	France	Full (2)	100,0%	98,6%		Full (2)	100,0%	98,6%	E1
Icare	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Icare Assurance	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Luizaseg	Brazil	Equity (3)	50,0%	50,0%		Equity	50,0%	50,0%	
Natio Assurance	France	Full (2)	100,0%	100,0%	V1	Equity	50,0%	50,0%	
NCVP Participacoes Societarias SA	Brazil	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Pinnacle Insurance PLC	UK	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Poistovna Cardif Slovakia AS	Slovakia	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Reumal Investissements	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
Rueil Ariane	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SAS HVP	France	Full (2)	100,0%	98,6%		Full (2)	100,0%	98,6%	E1
SCI 68/70 rue de Lagny - Montreuil	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Alpha Park	France	FV	50,0%	50,0%	E1				
SCI BNPP Pierre I	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI BNPP Pierre II	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
SCI Bobigny Jean Rostand	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Bouleragny	France	FV	50,0%	50,0%	E1				
SCI Cardif Logement	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Citylight Boulogne	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Clichy Nuovo	France	FV	50,0%	50,0%	E1				
SCI Défense Etoile	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Défense Vendome	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Etoile du Nord	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Fontenay Plaisance	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Imefa Velizy	France	FV	21,8%	21,8%	E1				
SCI Le Mans Gare	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Liberté	France	FV	50,0%	50,0%	E1				
SCI Nanterre Guilleraies	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Nantes Carnot	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Odyssée	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
SCI Pantin Les Moulins	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Paris Batignolles	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Paris Cours de Vincennes	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Portes de Claye	France	Equity	45,0%	45,0%		Equity	45,0%	45,0%	
SCI Rue Moussorgski	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Rueil Caudron	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Saint Denis Landy	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Saint Denis Mitterrand	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Saint-Denis Jade (Ex- SCI Porte d'Asnières)	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
SCI Scoo	France	Equity	46,4%	46,4%		Equity	46,4%	46,4%	
SCI Vendome Athenes	France	FV	50,0%	50,0%	E1				
SCI Villeurbanne Stalingrad	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
Société Francaise d'Assurances sur la Vie	France	Equity	50,0%	50,0%		Equity	50,0%	50,0%	E1
Société Immobilière du Royal Building SA	Luxembourg	Full (2)	100,0%	55,3%		Full (2)	100,0%	55,3%	
State Bank of India Life Insurance Co Ltd	India	Equity	22,0%	22,0%		Equity	22,0%	22,0%	V2
Valeur Pierre Epargne	France	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	E1
Velizy SAS	France	FV	33,3%	33,3%	E1				
Vietcombank Cardif Life Insurance Co Ltd	Viet Nam	Equity	43,0%	43,0%	E1				
Structured Entities									
AEW Immocommercial	France	FV	-	-	E1				
Ambrosia Avril 2025	France	Full (4)	-	-	E1				
BNPP ABS Europe IG	France	Full (4)	-	-	E1				
BNPP Actions Euroland	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions Monde	France	Full (4)	-	-	E1				
BNPP Actions PME	France	Full (4)	-	-	E1				
BNPP Aqua	France	Full (4)	-	-		Full (4)	-	-	
BNPP B Fund II	Belgium	Full (4)	-	-	E1				
BNPP Convictions	France	Full (4)	-	-		Full (4)	-	-	
BNPP Court Terme Assurance	France	Full (4)	-	-	E1				
BNPP CP Cardif Alternative	France	Full (2)	-	-		Full (4)	-	-	E1
BNPP CP Cardif Private Debt	France	Full (2)	-	-		Full (4)	-	-	E1
BNPP Développement Humain	France	Full (4)	-	-		Full (4)	-	-	
BNPP Diversipierre	France	Full (2)	-	-		Full (2)	-	-	E1
BNPP Euro Valeurs Durables	France	Full (4)	-	-	E1				
BNPP France Crédit	France	Full (2)	-	-		Full (4)	-	-	E1
BNPP Global Senior Corporate Loans	France	Full (4)	-	-		Full (4)	-	-	
BNPP Indice Amerique du Nord	France	Full (4)	-	-	E1				
BNPP Indice Euro	France	Full (4)	-	-		Full (4)	-	-	E1
BNPP L1	Luxembourg	Full (4)	-	-	E1				
BNPP Midcap France	France	Full (4)	-	-	E1				
BNPP Protection Monde	France	Full (4)	-	-	E1				
BNPP Retraite Responsable	France	Full (4)	-	-	E1				
BNPP Sélection Dynamique Monde	France	Full (4)	-	-	E1				
BNPP Sélection Flexible	France	Full (4)	-	-	E1				
C Santé	France	Full (2)	-	-	E1				
Camgestion Actions Croissance	France	Full (4)	-	-	E1				
Camgestion Actions Euro	France	Full (4)	-	-	E1				
Camgestion Euro Mid Cap	France	Full (4)	-	-	E1				
Camgestion Obliflexible	France	Full (2)	-	-		Full (4)	-	-	E1
Camgestion Rendactis	France	Full (4)	-	-	E1				
Capital France Hotel	France	Full (2)	-	-		Full (2)	-	-	E1
Cardif Alternatives Part I	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif BNPP IP Convertibles World	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif BNPP IP Equity Frontier Markets	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif BNPP IP Signatures	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif BNPP IP Smid Cap Euro	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif BNPP IP Smid Cap Europe	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif CPR Global Return (Ex Cardif CPR Base Credit)	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif Edrim Signatures	France	Full (2)	-	-		Full (4)	-	-	E1
Cardif Vita Convex Fund Eur	France	Full (2)	-	-		Full (4)	-	-	E1
Cedrus Carbon Initiative Trends	France	Full (2)	-	-		Full (4)	-	-	E1
EP L	France	Full (2)	-	-		Full (2)	-	-	E1
Foncière Partenaires	France	FV	-	-	E1				
Fondo Protetto Smart Food 90	France	Full (4)	-	-	E1				
FP Cardif Convex Fund USD	France	Full (2)	-	-		Full (4)	-	-	E1
Fundamenta	Italy	Full (2)	-	-		Full (2)	-	-	E1
Fundquest	France	Full (4)	-	-	E1				
G C Thematic Opportunities II	Ireland	Full (2)	-	-		Full (4)	-	-	E1
Natio Fonds Ampère 1	France	Full (4)	-	-		Full (4)	-	-	
Natio Fonds Athenes Investissement N 5	France	Full (2)	-	-		Full (4)	-	-	E1
Natio Fonds Colline International	France	Full (2)	-	-		Full (4)	-	-	E1
Natio Fonds Collines Investissement N 1	France	Full (2)	-	-		Full (4)	-	-	E1
Natio Fonds Collines Investissement N 3	France	Full (2)	-	-		Full (4)	-	-	E1
New Alpha Cardif Incubator Fund	France	Full (2)	-	-		Full (4)	-	-	E1
Opéra Rendement	France	Full (2)	-	-		Full (2)	-	-	E1

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
E1 Passing qualifying thresholds
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds
S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates
FV Investment in associates measured at Fair Value through P&L

Miscellaneous
D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Parvest	Luxembourg	Full (4)	-	-	E1				
Parworld	Luxembourg	Full (4)	-	-	E1				
Permal Cardif Co Investment Fund	France	Full (2)	-	-		Full (4)	-	-	E1
Preim Healthcare SAS	France	FV	-	-	E1				
PWH	France	FV	-	-	E1				
Rubin SARL	Luxembourg	FV	-	-	E1				
Seniorenzentren Deutschland Holding SARL	Luxembourg	FV	-	-	E1				
Theam Quant	Luxembourg	Full (4)	-	-	E1				
Tikehau Cardif Loan Europe	France	Full (2)	-	-		Full (4)	-	-	E1
Valtitres FCP	France	Full (2)	-	-		Full (4)	-	-	E1
Wealth Management									
BNPP Espana SA	Spain	Full	99,7%	99,7%		Full	99,7%	99,7%	
BNPP Wealth Management Monaco	Monaco	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
SNC Conseil Investissement	France								S3
Asset Management (Ex- Investment Partners)									
Alfred Berg Asset Management AB	Sweden				S4	Full	100,0%	98,3%	
Alfred Berg Asset Management AB (Finland branch)	Finland								S1
Alfred Berg Asset Management AB (Norway branch)	Norway								S1
Alfred Berg Fonder AB	Sweden								S3
Alfred Berg Kapitalforvaltning AB	Sweden	Full	100,0%	98,3%		Full	100,0%	98,3%	
Alfred Berg Kapitalforvaltning AS	Norway	Full	100,0%	98,3%		Full	100,0%	98,3%	
Alfred Berg Kapitalforvaltning Finland AB	Finland								S2
Alfred Berg Rahastoyhtio OY	Finland								S2
Bancoestado Administradora General de Fondos SA	Chile	Equity	50,0%	49,1%		Equity	50,0%	49,1%	
BNPP Asset Management Asia Ltd	Hong Kong	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Australia Ltd	Australia								S3
BNPP Asset Management Be Holding	Belgium	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Belgium	Belgium	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Belgium (Germany branch)	Germany	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Brasil Ltda	Brazil	Full	100,0%	99,6%		Full	100,0%	99,6%	
BNPP Asset Management France	France	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management France (Austria branch)	Austria	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management France (Italy branch)	Italy	Full	100,0%	98,3%	E2				
BNPP Asset Management Holding	France	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management India Private Ltd	India	Full	100,0%	98,3%	D1	Equity *	100,0%	98,3%	
BNPP Asset Management Japan Ltd	Japan	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Luxembourg	Luxembourg	Full	99,7%	98,0%		Full	99,7%	98,0%	
BNPP Asset Management Nederland NV	Netherlands	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Netherlands NV	Netherlands	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management NL Holding NV	Netherlands	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management Services Grouping	France	Full	100,0%	98,3%	E1				
BNPP Asset Management Singapore Ltd	Singapore								S3
BNPP Asset Management UK Ltd	UK	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Asset Management USA Holdings Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Asset Management USA Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Capital Partners	France	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
BNPP Dealing Services	France	Full (1)	100,0%	98,3%		Full (1)	100,0%	98,3%	V3
BNPP Dealing Services (United Kingdom branch)	UK	Full (1)	100,0%	98,3%		Full (1)	100,0%	98,3%	V3
BNPP Dealing Services Asia Ltd	Hong Kong								S3
BNPP Investment Partners Argentina SA	Argentina								S3
BNPP Investment Partners Australia Holdings Pty Ltd	Australia								S3
BNPP Investment Partners Latam SA de CV	Mexico								S3
BNPP Investment Partners PT	Indonesia	Full	100,0%	98,3%		Full	100,0%	98,3%	
BNPP Investment Partners SGR SPA	Italy				S4	Full	100,0%	98,3%	V3
Camgestion	France								S4
Elite Asset Management PLC	Finland	Equity	19,0%	18,7%		Equity	19,0%	18,7%	E3
Fund Channel	Luxembourg	Equity (3)	50,0%	49,1%		Equity	50,0%	49,1%	
Fundquest Advisor	France	Full	100,0%	98,3%	D1	Equity *	100,0%	98,3%	
Fundquest Advisor (United Kingdom branch)	UK	Full	100,0%	98,3%	D1	Equity *	100,0%	98,3%	
Groeivermogen NV	Netherlands	Full	100,0%	98,3%	E1				
Haitong Fortis Private Equity Fund Management Co Ltd	China	Equity	33,0%	32,4%		Equity	33,0%	32,4%	
HFT Investment Management Co Ltd	China	Equity	49,0%	48,2%		Equity	49,0%	48,2%	
Impax Asset Management Group PLC	UK	Equity	24,5%	24,1%	V3	Equity	25,0%	24,6%	E1
Services Epargne Entreprise	France	Equity	37,1%	37,1%	E1				
Shinhan BNPP Asset Management Co Ltd	Rep. of Korea	Equity	35,0%	34,4%		Equity	35,0%	34,4%	
Theam	France								S4
Structured Entities									
Harewood Helena 1 Ltd	UK	Full	-	-	E1				
Real Estate Services									
99 West Tower GmbH & Co KG	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	E3
99 West Tower GP GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	E3
Auguste Thouard Expertise	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Promotion Immobilier d'Entreprise	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Promotion Résidentiel	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Résidences Services	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Résidentiel	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Résidentiel Service Clients	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Immobilier Résidentiel Transaction & Conseil	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory & Property Management Luxembourg SA	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory & Property Management UK Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory and Property Management Ireland Ltd	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory Belgium SA	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory Italy SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory Netherlands BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory SA	Romania	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Advisory Spain SA	Spain	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate APM CR SRO	Czech Republic	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Consult France	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Consult GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Facilities Management Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Financial Partner	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Holding Benelux SA	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Holding GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Holding Netherlands BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Hotels France	France								S4
BNPP Real Estate Investment Management Belgium	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management France	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management Germany GmbH	Germany	Full	94,9%	94,9%		Full	94,9%	94,9%	
BNPP Real Estate Investment Management Germany GmbH (Italy branch)	Italy	Full	94,9%	94,9%		Full	94,9%	94,9%	
BNPP Real Estate Investment Management Germany GmbH (Spain branch)	Spain	Full	94,9%	94,9%		Full	94,9%	94,9%	
BNPP Real Estate Investment Management International GmbH	Germany	Full	100,0%	100,0%	E2				
BNPP Real Estate Investment Management Italy SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management Luxembourg SA	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management Spain SA	Spain	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Management UK Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Investment Services	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Italy SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Jersey Ltd	Jersey								S2
BNPP Real Estate Magyarorszag Tanacsado Es Ingatlankezelo ZRT	Hungary	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Poland SP ZOO	Poland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Development UK Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Developpement Italy SPA	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Management Belgium	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Management France SAS	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Management GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Management Italy SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Property Management Spain SA	Spain	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Real Estate Transaction France	France	Full	96,0%	96,0%	V2	Full	96,1%	96,1%	V2
BNPP Real Estate Valuation France	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPPRE APM INTERNATIONAL (United Arab Emirates branch)	United Arab Emirates	Full	100,0%	100,0%		Full	100,0%	100,0%	
Construction-Sale Companies (Real Estate programmes) (e)	France	Full / Equity	-	-		Full / Equity	-	-	
FG Ingénierie et Promotion Immobilière	France								S4
GIE Siège Issy	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Horti Milano SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	E2
Immobilière des Bergues	France								S4
Lifizz	France	Full	100,0%	100,0%	E2				
Locchi SRL	Italy				S3	Full	100,0%	100,0%	
Parker Tower Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Partner's & Services	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Pyrotex GB 1 SA	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
Pyrotex SARL	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
REPD Parker Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Société Auxiliaire de Construction Immobilière	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Sviluppo Residenziale Italia SRL	Italy	Full	100,0%	100,0%		Full	100,0%	100,0%	
Corporate & Institutional Banking									
Securities Services									
BNPP Financial Services LLC	USA	Full	100,0%	100,0%	E1				
BNPP Fund Administration Services Ireland Ltd	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Fund Services Australasia Pty Ltd	Australia	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
BNPP Fund Services Australasia Pty Ltd (New zealand branch)	New Zealand	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
BNPP Global Securities Operations Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	

(e) At June 30, 2018, 85 Construction-sale companies (71 Full and 14 Equity) versus 96 at December 31, 2017 (81 Full and 15 Equity)

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
E1 Passing qualifying thresholds
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds
S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates
FV Investment in associates measured at Fair Value through P&L

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D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNPP Securities Services	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Australia branch)	Australia	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Belgium branch)	Belgium	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Germany branch)	Germany	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Greece branch)	Greece	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Guernsey branch)	Guernsey	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Hong kong branch)	Hong Kong	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Hungary branch)	Hungary	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Ireland branch)	Ireland	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Italy branch)	Italy	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Jersey branch)	Jersey	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Luxembourg branch)	Luxembourg	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Netherlands branch)	Netherlands	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Poland branch)	Poland	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Portugal branch)	Portugal	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Singapore branch)	Singapore	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Spain branch)	Spain	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (Switzerland branch)	Switzerland	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Securities Services (United Kingdom branch)	UK	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Services Logiciels d'Intégration Boursière	France	Equity (3)	66,6%	66,6%	E1				
CIB EMEA (Europe, Moyen Orient, Afrique)									
France									
BNPP Arbitrage	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Arbitrage (United Kingdom branch)	UK	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
Esomet	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Eurotitrisation	France	Equity	23,0%	23,0%	E1				
Financière du Marché Saint Honoré	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Laffitte Participation 22	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Opéra Trading Capital	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Opéra Trading Capital (Hong Kong branch)	Hong Kong	Full	100,0%	100,0%		Full	100,0%	100,0%	
Opéra Trading Capital (United Kingdom branch)	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Parilease	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
SNC Taitbout Participation 3	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Verner Investissements	France	Equity	40,0%	50,0%		Equity	40,0%	50,0%	
Structured Entities									
Atargatis	France	Full	-	-		Full	-	-	
Austin Finance	France	Full	-	-		Full	-	-	
Compagnie d'Investissement Italiens	France	Full	-	-		Full	-	-	
Compagnie d'Investissement Opéra	France	Full	-	-		Full	-	-	
Financière des Italiens	France	Full	-	-		Full	-	-	
Financière Paris Haussmann	France	Full	-	-		Full	-	-	
Financière Taitbout	France	Full	-	-		Full	-	-	
Mediterranea	France	Full	-	-		Full	-	-	
Optichamps	France	Full	-	-		Full	-	-	
Participations Opéra	France	Full	-	-		Full	-	-	
Other European countries									
Alpha Murcia Holding BV	Netherlands	Equity *	100,0%	99,9%		Equity *	100,0%	99,9%	
BNP PUK Holding Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Bank JSC	Russia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Commodity Futures Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Emissions Und Handels GmbH	Germany	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Invest Holdings BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	E1
BNPP Ireland Unlimited Co	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Islamic Issuance BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Issuance BV	Netherlands	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Net Ltd	UK	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
BNPP Prime Brokerage International Ltd	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP UK Holdings Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP UK Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Vartry Reinsurance DAC	Ireland	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
Diamante Re SRL	Italy	Full	100,0%	100,0%	E1				
Financière Hime SA	Luxembourg	Equity	22,5%	22,5%		Equity	22,5%	22,5%	E1
FScholen	Belgium	Equity (3)	50,0%	50,0%		Equity	50,0%	50,0%	
Greenstars BNPP	Luxembourg	Equity *	100,0%	100,0%		Equity *	100,0%	100,0%	
Harewood Holdings Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Hime Holding 1 SA	Luxembourg	Equity	26,4%	26,4%		Equity	26,4%	26,4%	E1
Hime Holding 2 SA	Luxembourg	Equity	21,0%	21,0%		Equity	21,0%	21,0%	E1
Hime Holding 3 SA	Luxembourg	Equity	20,6%	20,6%		Equity	20,6%	20,6%	E1
Landspire Ltd	UK	Full	100,0%	100,0%		Full	100,0%	100,0%	
Ribera Del Loira Arbitrage	Spain	Full	100,0%	100,0%	E1				
SC Nueva Condo Murcia SL	Spain								S2
Utexam Logistics Ltd	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
Utexam Solutions Ltd	Ireland	Full	100,0%	100,0%		Full	100,0%	100,0%	
Structured Entities									
Alectra Finance PLC	Ireland	Full	-	-		Full	-	-	
Aquarius + Investments PLC	Ireland	Full	-	-		Full	-	-	
Aries Capital DAC	Ireland	Full	-	-		Full	-	-	E1
BNPP International Finance Dublin	Ireland	Full	-	-		Full	-	-	
BNPP Investments N 1 Ltd	UK				S1	Full	-	-	
BNPP Investments N 2 Ltd	UK				S1	Full	-	-	
Boug BV	Netherlands	Full	-	-		Full	-	-	
Boug BV (United Kingdom branch)	UK	Full	-	-		Full	-	-	
Madison Arbor Ltd	Ireland	Full	-	-		Full	-	-	
Matchpoint Finance PLC	Ireland	Full	-	-		Full	-	-	
Omega Capital Funding Ltd	Ireland								S1
Omega Capital Investments PLC	Ireland								S1
Scaldis Capital Ltd	Jersey	Full	-	-		Full	-	-	

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Middle East									
BNPP Investment Co KSA	Saudi Arabia	Full	100,0%	100,0%	D1	Equity *	100,0%	100,0%	
Africa									
BNPP Securities South Africa Holdings Pty Ltd	South Africa								S3
BNPP Securities South Africa Pty Ltd	South Africa								S3
CIB Americas									
Banco BNPP Brasil SA	Brazil	Full	100,0%	100,0%		Full	100,0%	100,0%	
Banexi Holding Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Canada Corp	Canada	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Canada Valeurs Mobilières Inc	Canada								S3
BNPP Capital Services Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP CC Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Colombia Corporacion Financiera SA	Colombia	Full	100,0%	100,0%		Full	100,0%	100,0%	D1
BNPP Energy Trading GP	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Energy Trading Holdings Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Energy Trading LLC	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP FS LLC	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP IT Solutions Canada Inc	Canada	Full	100,0%	100,0%		Full	100,0%	100,0%	D1
BNPP Leasing Corp	USA								S1
BNPP Prime Brokerage Inc	USA				S4	Full	100,0%	100,0%	
BNPP RCC Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP US Wholesale Holdings Corp	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP USA Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Dale Bakken Partners 2012 LLC	USA	Equity	23,8%	23,8%	E1				
French American Banking Corp	USA								S1
FSI Holdings Inc	USA	Full	100,0%	100,0%		Full	100,0%	100,0%	
Via North America Inc	USA				S4	Full	100,0%	100,0%	
Structured Entities									
BNPP EQD Brazil Fund Fundo de Investmento Multimercado	Brazil	Full	-	-		Full	-	-	
BNPP Proprietario Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNPP VPG Adonis LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Brookfin LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Brookline Cre LLC	USA	Full	-	-		Full	-	-	
BNPP VPG CT Holdings LLC	USA	Full	-	-		Full	-	-	
BNPP VPG EDMC Holdings LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Express LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Freedom Communications LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Legacy Cabinets LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Mark IV LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Master LLC	USA	Full	-	-		Full	-	-	
BNPP VPG Medianews Group LLC	USA				S1	Full	-	-	
BNPP VPG Northstar LLC	USA				S1	Full	-	-	
BNPP VPG Pacex LLC	USA				S1	Full	-	-	
BNPP VPG PCMC LLC	USA	Full	-	-		Full	-	-	
BNPP VPG SBX Holdings LLC	USA	Full	-	-		Full	-	-	
BNPP VPG SDI Media Holdings LLC	USA								S1
Decart Re Ltd	Bermuda	Full	-	-	E1				
Ozcar Multi Strategies LLC	USA								S3
Starbird Funding Corp	USA	Full	-	-		Full	-	-	
VPG SDI Media LLC	USA								S1
CIB Pacific Asia									
Bank BNPP Indonesia PT	Indonesia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNP Pacific Australia Ltd	Australia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Amber Holdings Pty Ltd	Australia	Full	100,0%	100,0%		Full	100,0%	100,0%	E1
BNPP Arbitrage Hong Kong Ltd	Hong Kong	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP China Ltd	China	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Commodities Trading Shanghai Co Ltd	China	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Finance Hong Kong Ltd	Hong Kong	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP India Holding Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP India Solutions Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Malaysia Berhad	Malaysia	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Asia Ltd	Hong Kong	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities India Private Ltd	India	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Japan Ltd	Japan	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Korea Co Ltd	Rep. of Korea	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Singapore Pte Ltd	Singapore	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Securities Taiwan Co Ltd	Taiwan	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Sekuritas Indonesia PT	Indonesia	Full	99,0%	99,0%		Full	99,0%	99,0%	
BNPP SJ Ltd	Hong Kong								S3
BNPP SJ Ltd (Japan branch)	Japan								S3
BPP Holdings Pte Ltd	Singapore	Full	100,0%	100,0%		Full	100,0%	100,0%	
Other Business Units									
BNPP Suisse SA	Switzerland	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Suisse SA (Guernsey branch)	Guernsey	Full	100,0%	100,0%		Full	100,0%	100,0%	
Property companies (property used in operations) and others									
Antin Participation 5	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
BNPP Home Loan SFH	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP Partners for Innovation	France	Equity	50,0%	50,0%		Equity	50,0%	50,0%	
BNPP Procurement Tech	France	Full	100,0%	100,0%	E1				

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation

S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds
S4 Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest

V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates
FV Investment in associates measured at Fair Value through P&L

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Insurance entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

		30 June 2018				31 December 2017			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNPP Public Sector SCF	France	Full (1)	100,0%	100,0%		Full (1)	100,0%	100,0%	
BNPP SB Re	Luxembourg	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Cobema	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
Compagnie Financière Ottomane SA	Luxembourg	Full	97,3%	97,2%		Full	97,3%	97,2%	V1
Ejesur SA	Spain	Full	100,0%	100,0%	E1				
GIE Groupement Auxiliaire de Moyens	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
GIE Groupement d'Etudes et de Prestations	France	Full	100,0%	100,0%	E1				
Le Sphinx Assurances Luxembourg SA	Luxembourg	Full (2)	100,0%	100,0%		Full (2)	100,0%	100,0%	
Lion International Investments SA	Luxembourg	Full	100,0%	100,0%		Full	100,0%	100,0%	
Plagefin SA	Luxembourg	Full	100,0%	65,9%		Full	100,0%	65,9%	
Sagip	Belgium	Full	100,0%	100,0%		Full	100,0%	100,0%	
Société Immobilière du Marché Saint-Honoré	France				S2	Full	100,0%	100,0%	V1
Société Orbaisienne de Participations	France	Full	100,0%	100,0%		Full	100,0%	100,0%	
Structured Entities									
BNPP B Institutional II Court Terme	Belgium	Full	-	-		Full	-	-	
Euro Secured Notes Issuer (Ex- BNPP SME-1)	France	Full	-	-		Full	-	-	
FCT Laffitte 2016	France	Full	-	-		Full	-	-	
FCT Opéra 2014	France	Full	-	-		Full	-	-	

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